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**HIV/AIDS Service Capacity
Project in Ukraine**

Advocacy for Introduction of Social Contracting Mechanism at Local Level

Training for HIV-service NGO Representatives

Trainer's Manual

September 2009

Kyiv

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FOREWORD

Civil society and charitable organizations play significant role in development of a democratic state. This relates not to the civil society and political nongovernmental organizations (NGOs) exclusively. Primarily, NGOs acting in developed democracies make substantial contribution into social and economic development of society.

Multiple experts consider that civil society and charitable organizations have two interrelated functions:

- 1) Facilitation of reform and development of civil society institutions, representation of interests, advocacy related to policy change and other global transitions in the state (social and political function);
- 2) Implementation of reallocation of funds and services for target groups serviced by one or another NGO (social and economic function).

Civil society and charitable organizations are an important factor in encouraging economy development. The contribution made by NGOs into economic development of society is very substantial. For instance, based on *research data received by John Hopkins Institute (USA) in 35 countries internationally*, percentage of the “third sector” employees in overall employment market in different service sectors comprises:

• Education	29,3%
• Social services	19,1%
• Healthcare	17,9%
• Culture	15,2%

Economic activities of NGOs constitute a critical factor of financial sustainability in performance of civil society and charitable organizations.

Ukrainian NGOs have three key types of revenue:

1. Budget of different levels (target funding, competition based funding, provision of operational and technical assistance).
2. Charity (private donations, corporate charity, international donors, volunteering, community foundations, etc).
3. Self-financing based on economic activity (provision of fee based services, creating jobs under the framework of statutory activity of an organization, social entrepreneurship).

Research findings received by John Hopkins Institute (USA) in 35 countries internationally suggests that the ratio of different types of revenue in NGO budgets has the following values:

Social services

Budget funding	44%
Economic activity	37%
Charity	19%

Environment protection

Budget funding	42%
Economic activity	30%
Charity	28%

Civil society and charitable organizations involved in HIV-service related activities have significant experience in provision of social and medical services of prevention, care and support to different target groups.

To assure sustainability of NGO performance, multiple sources of funding should be assured respectively, which has special significance in provision of HIV/AIDS related social services that should be guaranteed by the state and supported by earmarked funding from budgets of different levels. Hence, budget funds are the key source of revenue for organizations providing such social services.

Services for groups of people vulnerable to HIV are funded, prevalently, with local budget based funding and using social contracting mechanisms. That is why, to introduce the social contracting mechanism, NGOs, primarily, should gain experience in the fields of cooperation with local self-governance authorities, organization and implementation of lobbying campaigns.

Training Content

The training covers following subject matters:

- Role of NGOs in the field of social services provision;
- Description of potential sources of budget allocations to subsidize necessary social services for vulnerable groups;
- Legal regulations applicable to social services system;
- Lobbying principles relevant to local level budget funding;
- Social contracting procedures and documentation;
- Budget funds administrators and approaches to cooperation with them.

Who are training facilitators?

This training is facilitated by a team of trainers consisting of two people who are experts in the matters of advocacy and allotting budget funds to assure provision of HIV/AIDS related social services.

Who are training participants?

This training is designed for NGO management and specialists. The group of trainees should comprise not more than 25 people.

What is the training duration?

This is a two-day training that takes 12 hours.

Pre-training Evaluation Questionnaire

The questionnaire below is provided for pre-training evaluation. Participants complete the questionnaire individually prior to the training start.

1. Full name _____
2. Name of organization that you represent _____
3. Contact information:
 Address _____
 Phone numbers: office phone _____ cell phone _____
 E-mail addresses: _____
4. Does your organization have experience in receiving budget funding?

Yes
No
5. If yes, then indicate, please, the type of budget that the funding was allocated from:
 raion under municipality____; municipal____; raion____; oblast____; national____.
6. Please, check the cells that most reflect your current knowledge relevant to indicated topics.

TOPICS	Was never interested and have no knowledge on the topic	Have insufficient knowledge and require more	Have some knowledge but it is insufficient and I would like to improve it	Have sufficient knowledge to share it with other people
Definitions and principles of social contracting.				
System of social services in Ukraine. Social services funding.				
Program development and implementation at local level.				
Mechanisms of budget based funding for NGOs at different levels.				
Implementation stages of social contracting.				
Identification of priority challenges for funding allocation using competition mechanisms.				
Documentation and introduction of social contracting.				

7. Which of the suggested topics raised your major interest and you would like to have more information on? _____

8. Are there any barriers that might inhibit your effective work during the training? If yes, then what kind of assistance do you require from the trainers in order to remove those barriers?

Introduction. Introduction. Introduction of participants, expectations, agenda overview, rules of work

- **Objectives**

1. Identify expectations of the training participants.
2. Overview the training objectives.
3. Overview the training agenda.
4. Identify social services that have to be provided with budget based funding.

- **Time**

30 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape; pens and paper for training participants.

- **Steps**

1. **Welcome the training participants.**
2. **Ask participants to introduce themselves following the pattern below:**
 - Full name;
 - Name of organization they represent;
 - Three key target groups they work with and for each of the three target groups identified – three key social services that they provide under the framework of their organization activities;
 - At least one expectation from the training.

The list of target groups and HIV/AIDS related social services are written to a sheet of the flipchart paper, expectations are written to a separate sheet of the flipchart paper.

3. **Based on information shared during the introduction process, the participants design a poster where in respect to each target group there is the list of social services provided by NGOs represented by the training participants.**

IMPORTANT! Training participants should be conscious of the facts that:

- They work in organizations providing social services to vulnerable groups of population;
- Allotting resources should be aimed at namely subvention of activities of their organizations in the field of HIV-service.

Please, note that this poster will be used in the upcoming days of the training.

4. **Overview the training objectives, emphasize those objectives that come in line with expectations of the participants.**

5. **Overview the training agenda.**

- **Handout materials**

1. **Training Agenda “Advocacy for Introduction of Social Contracting Mechanism at Local Level” (Annex 1).**

Training Agenda
«Advocacy for Introduction of Social Contracting Mechanism at Local Level»

DAY 1

Time	Topic
10:30 – 11:00	Registration of participants. Completion of pre-training evaluation questionnaires.
11:00 – 11:15	Welcoming address and introduction.
11:15 – 11:45	Introduction. Introduction of participants, expectations, agenda overview, rules of work.
11:45 – 13:00	Session 1. Social contracting fundamentals and competition based funding mechanisms in different level budget funding. Presentation: <ul style="list-style-type: none"> – NGO role and contribution into economy, part of budget funding in the structure of NGO revenues. – Definitions and principles of social contracting. – Key terms and definitions.
13:00 – 14:00	<i>Lunch</i>
14:00 – 15:00	Session 1 (continued). Social contracting fundamentals and competition based funding mechanisms in different level budget funding. Presentation: <ul style="list-style-type: none"> - Overview of social contracting models in Ukraine and globally.
15:00 – 15:30	Session 2. Legal and regulatory basis for introduction of competition mechanisms in social contracting. Presentation: <ul style="list-style-type: none"> – System of social services in Ukraine. Social services funding.
15:30 – 15:45	<i>Break for coffee and tea</i>
15:45 – 16:15	Session 2 (continued). Legal and regulatory basis for introduction of competition mechanisms in social contracting. Presentation: <ul style="list-style-type: none"> – Fundamentals of the budget processes at local level. – Program target method in the budget process.
16:15 – 17:30	Session 3. Experience of introduction of social contracting at local level: key barriers and successes. Group work.
17:30 – 18:00	DAY 1 wrap-up.

DAY 2

Time	Topic
9:30 – 9:45	Overview of Day 1 results.
9:45 – 10:15	Session 4. Overview of current mechanisms for funding NGOs from budgets of different levels, including competition based ones. Presentation.
10:15 – 10:45	Session 5. Introduction of competition based mechanisms in social contracting: steps required. Group discussion.
10:45 – 11:30	Session 6. Identification of priority challenges to funding with competition based mechanisms. Group discussion.
11:30 – 11:45	<i>Break for coffee and tea</i>
11:45 – 13:00	Session 7. Overview of standard documentation portfolio for introduction of social contracting. Small group work.
13:00 – 14:00	<i>Lunch</i>
14:00 – 15:15	Session 8. Role of HIV-service NGOs in advocacy for social contracting. Small group work.
15:15 – 15:45	Session 9. Plans of the Coalition relevant to advocacy for social contracting at local level. Presentation.
15:45 – 16:00	Training wrap-up. Completion of post-training evaluation questionnaires.

Session 1. Social contracting fundamentals and competition based funding mechanisms in different level budget funding.

- **Objectives**

1. Describe international experience in budget based NGO funding.
2. Identify Ukrainian experience in allotting budget resources to sustain NGO activities and the place of social contracting in the system of NGO performance, including the segment of social services provision.

- **Time**

1 hour 15 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Explain** that, primarily, an NGO should pursue its mission and thus it is critical to assure that organizational performance is fully functional. Pay attention to the list of social services and vulnerable groups that were listed in the flipchart during the round of introductions.
2. **Break participants into 4 groups and set the task:** within 15 minutes, formulate definitions of social contracting, fundraising and charity. Each definition should be written to a separate sheet of paper.
3. **Facilitate discussion** to achieve consensus of all participants in common definitions of the social contracting related terms.

Facilitator should adhere to a neutral position and avoid commenting on presentations to assure that reaction of participants is not affected. But, he or she may provide certain clarifications whenever the need arises. After listening to representatives of each group, give the training participants an opportunity to comment on each presentation.

- **Key questions for discussion:**

- What experience do training participants have in terms of attracting funds? For purposes of what specific social services and for benefit of which vulnerable groups did they attract funds from local budgets?
 - For benefit of which vulnerable groups was it easy to attract funds from local sources?
 - What is the share of budget based funds in funding activities of your organization?
4. **Start presentation “Social Contracting Fundamentals”** (Annex 2). Describe the role of budget based funds in assuring resource sustainability of NGOs. Provide information on international experience in attracting budget funds. Present relationship between the type of budget funding and level of organizational development. Demonstrate the need to sustain ongoing activities related to social services provision (Annex 3).
 5. **Break participants into 4 groups and set the task:** within 15 minutes, formulate key advantages of social services contracting.

Note for trainer

In this exercise, it is critical to emphasize that there are no “correct” or “incorrect” answers. The only criteria to identify “correctness” of social contracting are the amount of funds attracted and the number of client covered with high quality services.

6. **Summarize** the session by jointly reviewing with participants the key challenges raised during the discussion. Write down the common social contracting definition achieved at in consensus.
- **Handout materials**
 1. **Presentation “Social Contracting Fundamentals” (Annex 2);**
 2. **NGO Development Stages (Annex 3).**

Presentation “Social Contracting Fundamentals”

**USAID** HIV/AIDS Service Capacity
Project in Ukraine

Social Contracting Fundamentals and Competition Based Funding Mechanisms in Different Level Budget Funding

Training for HIV-service NGO Representatives
in Advocacy for Introduction of Social Contracting Mechanism
at Local Level

Slide 1

Presentation Agenda

- NGO role and contribution into national economy: international experience and research data
- Aspects of NGO economic performance
- Fundraising definition and principles

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Slide 2

1.1. Economic Role of NGOs

NGO contribution into economic development of society

- 34 932 000 jobs
- \$ 15,660,9 billion revenue

NGO contribution into global GDP

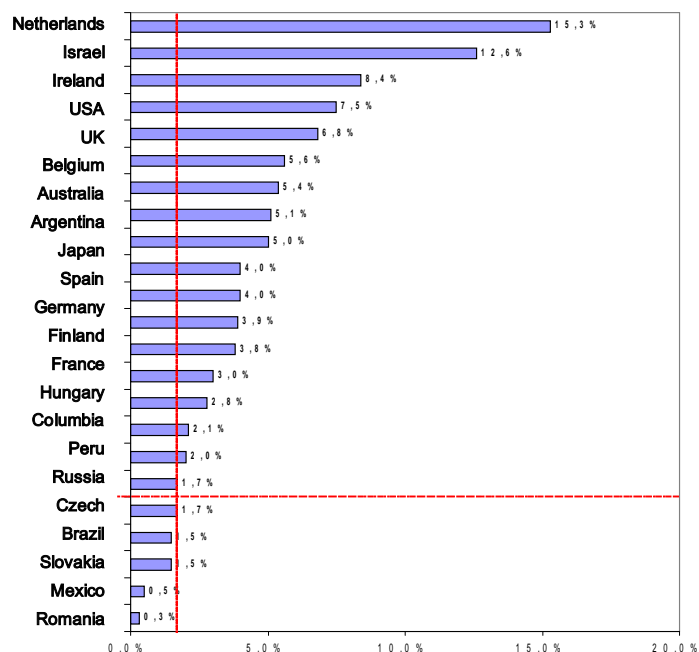
- 5.7% GDP including volunteers (4.6% without volunteers)
- 8.5% GDP including religious organizations

Source: research by John Hopkins Institute in 35 countries internationally

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Slide 3

1.2. Economic Contribution of NGOs into Gross Domestic Product (GDP)



Source: Dimensions of the Nonprofit Sector. - The Johns Hopkins Comparative Nonprofit Sector Project

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Slide 4

1.3. Economic Role of NGOs: contribution into employment market (1)

Percentage of “third sector” employees in overall employment market in different service sectors:

• Education	29,3%
• Social services	19,1%
• Healthcare	17,9%
• Culture	15,2%

Source: research by John Hopkins Institute in 35 countries internationally

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1.3. Economic Role of NGOs: contribution into employment market (2)

Percentage of “third sector” employees in overall employment market:

• Central Europe	1.1% of employment
• Latin America	2.2% of employment
• Western Europe	10.3% of employment

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Slide 6

2.1. Key Sources of NGO Revenue

- **Budget funding**
national and local level budgets
- **Entrepreneurship activity**
commercial services, space leasing, investment revenue, social entrepreneurship
- **Charity**
corporate and individual donations, volunteering

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Slide 7

2.2. Structure of NGO Revenues by Types of Activity

- **Social services**

budget funding	44%
economic activity	37%
charity	19%
- **Environment protection**

budget funding	42%
economic activity	30%
charity	28%

Source: research by John Hopkins Institute in 35 countries internationally

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2.3. Interrelation Between Types of Activity and Sources of Funding of NGOs

Budget Funding	Economic activity	Charity
Healthcare	Advocacy	Religion
Social services	Environment	International development
	Education	
	Regional development	
	Culture	

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2.4. Sources of Revenue of Ukrainian NGOs

- **Budget** (target funding, competition funding, tangible and technical assistance)
- **Charity** (individual donations, corporate charity, international donors, volunteering, community foundations, etc.)
- **Self-financing from economic activity** (commercial services, job establishment under statutory organizational activity, social entrepreneurship)

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2.5. Competition Based Mechanisms of NGO Funding

- Social contracting
- “Municipal grant”
- Local community foundation
- Competition for grants from donor organizations

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3.1. Nature of “Social Contracting” (1)

Social contracting requires **contractual relationship** between CONTRACTING AGENT identified by decision of the relevant local government authority or local self-government body and PROVIDER identified by means of competitive selection.

PROVIDER implements, under the contract terms, a definite type of activity that matches the needs of community or individual target groups with the funding being provided from budget of the relevant level.

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3.1. Nature of “Social Contracting” (2)

Social contracting – a set of actions of organizational and legal nature that are aimed at development and implementation of social projects using budget based and other funding by means of entering into social contracts on terms of competitive selection.

(Provision on social contracting in Odesa municipality)

Decision on introduction of social contracting and relevant Provision should be adopted by the local self-governance authorities.

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3.2. Three “WHALES” of Social Contracting:

1. Target program approach
2. Competitive basis (identifying the best eligible provider)
3. Attracting additional resources

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Slide 14

3.3. Terms and Definitions:

Social needs – a set of needs and interests of people that belong to definite social groups;

Social group – community of people that are involved in activity of common type and nature, have common location of residence or stay, social status, nationality, sex, education and other features or indicators;

Social challenge – unmet social needs and interests of people that are formulated in generalized form as social objective to be achieved;

Goal of social contracting – meeting social needs and interests of a social group by means of addressing social challenge or a set of such social challenges.

(Provision on social contracting in Odesa municipality)

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3.4. Stages of Social Contracting Implementation

1. Identify social challenge relevant to a target group
2. Allocate budget funds to address the challenge
3. Facilitate competition to identify PROVIDER
4. Enter into agreement between CONTRACTING AGENT and PROVIDER
5. Implement social contract
6. Evaluate implementation of the social contracting
7. Identify changes in the target group situation

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3.5. Types of Competition for Social Contracting

1. Competition of projects (ideas)
2. Competition of providers

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Slide 17

Social Contracting in Ukraine

- Provision on social contracting is in the process of implementation in multiple municipalities, specifically:
 - Kyiv
 - Odesa, Yuzhne
 - Chernivtsi
 - Kharkiv
 - Mykolaiv, Voznesensk, Novyi Buh
 - Alchevsk (Luhanska oblast)

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3.6. Advantages of Social Contracting (Practical Exercise)

1. Attracting additional funding into social sector
2. Identifying challenges faced by municipality for long term strategic planning
3. Encouraging transparency and openness in budget funding allocation

Training participants identify other advantages

- 4.
- 5.
- 6.

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NGO Development Stages and Social Contracting

1. Information Stage. At this level, a nascent NGO is involved in specifying the target groups and services it is able to provide. The key objective of such organization is to inform potential sponsors, potential clients, partners and government authorities on the activities implemented by that organization. Donor funding is critical for an organization at this stage, since that may be viewed as investment in development of social services and social infrastructure. At this stage, organizations may modify target groups and services depending on priorities set out by the donors, but such modifications should not be ongoing.

2. Marketing Stage. When an organization starts professional provision of services to specific target groups, a steady flow of clients starts building up and they have to be provided with specific services on regular and, oftentimes, daily basis. This means that there are needs in regular staff, premises, payment of utility bills, arranging communication and stationery supply.

There is the need in ongoing funding, which may be provided by donors. That is why the inflow of resources at this stage should be diversified and ongoing funding should be assured for purposes of activity implementation. At this stage, the critical significance is given to the social efficiency of the organization, availability of real clients and social basis of such NGO (clients and their environment, volunteers, etc.).

IMPORTANT!!!

If an organization at this stage fails to assure sustained funding for purposes of its activity implementation, then the client flow stops, specialists leave and such organization return to the information level.

3. Lobbying Stage. When an organization indeed has a steady flow of clients, analyzes their needs and challenges they face, then such organization may start developing drafts of regulatory and legal documents that would assist target groups in addressing their challenges and encourage allocation of funds from budget sources to assure their rights and needs.

With each stage, an organization has enhanced opportunities and capacity to attract funds for purposes of sustaining its activities.

IMPORTANT!!!

If an organization at an advanced stage fails to assure sustained funding for purposes of its activity implementation, then, in some time, it will have to restart its functioning at a lower stage.

Session 2. Legal and regulatory basis for introduction of competition mechanisms in social contracting.

- **Objectives**

1. Provide information on the key legal and regulatory acts regulating functioning and funding the sector of social services in Ukraine.
2. Overview the framework of budget funding based social services contracting.
3. Discuss opportunities and formats of NGO involvement in the process of developing target programs and budgets.

- **Time**

1 hour.

- **Materials**

Flipchart paper; markers; adhesive tape, projector for PowerPoint presentations.

- **Steps**

1. **Start presentation “Legal and regulatory basis for introduction of competition mechanisms in social contracting”, hand out extracts from regulatory and legal acts to participants.**

Emphasize that the term “social contracting” is not defined by legal or regulatory documents but it is used in a number of documents relevant to funding social services on terms of competitive selection.

Thus, for purposes of this presentation, social contracting would mean contracting from NGOs a specific list of social services for specific target groups that will be sustained by budget funding.

2. **In this presentation, provide information on the key legal and regulatory acts regulating the sector of social services in Ukraine.**

Social services – a set of legal, economic, psychological, educational, medical, rehabilitation and other activities targeting individual social groups or individuals who occur in intricate circumstances of life and require external assistance, aimed at improvement or reinstatement of their life performance, social adaptation and return to full-fledged life.

Note that one of the principles of social services provision is “maximal efficiency in allocation of budget and other funding by social service providers”; and implementation of this principle may be assured by means of introduction of open and transparent competition for all providers regardless of their type of ownership.

Make a point on the structure of the social services provision sector, review the organizations referred to the nongovernmental sector. Make emphasis that all providers are eligible to be equitable participants of the social services market and enter into contracts to act as the service providing parties.

Briefly inform participants on the key approaches to the social services system reform, including the aspects related to introduction of social contracting.

Suggest participants to ask questions relevant to this part of presentation.

3. Continue presentation on social services funding.

Outline what sources may be used for social services funding. Emphasize that social services funding allocated from the national and local budgets should be included into target social services. In order to sustain funding, the nongovernmental providers and local government authorities should enter into agreements on terms of competitive selection.

4. Present the framework of the social services system functioning.

Pay attention of the training participants to the relationship between different components of the social services system: minimal list and standards of social services for different target groups, expenditures related to social services and competition mechanisms.

Discuss with participants what framework components currently malfunction or require reform. Pay special attention to discussion of the framework components reflecting social contracting.

5. Present the framework of program and budget process development.

Discuss with participants the opportunities that NGOs have in affecting decisions made at each stage of program and budget formulation.

6. Summarize the session by joint review with participants of the key challenges raised during the discussion.

Handout materials

- 1. Presentation «Legal and regulatory basis for introduction of competition mechanisms in social contracting » (Annex 4);**
- 2. Extracts from the key legal and regulatory acts regulating the system of social services (Annex 5).**

Presentation «Legal and regulatory basis for introduction of competition mechanisms in social contracting »



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Legal and Regulatory Basis for Introduction of Competition Mechanisms in Social Contracting

Training for HIV-service NGO Representatives
in Advocacy for Introduction of Social Contracting Mechanism
at Local Level

Slide 1

Presentation Agenda

1. System of social services in Ukraine
2. Approaches to reform the system of social services
3. Funding social services and relevant competition mechanisms
4. Framework for introduction of social services

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Slide 2

Introduction

- The term “social contracting” is not defined by legal or regulatory documents but it is used in a number of documents relevant to funding social services on terms of competitive selection.
- The term “social contracting” is defined and used in regulations issued by local self-governance authorities of several Ukrainian municipalities where provisions on social contracting were adopted.

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Slide 3

1.1. Legal and Regulatory Basis Regulating Social Services Sector in Ukraine

- Law of Ukraine “On social services”.
- Regulation #178-p as of April 13, 2007 of the Cabinet of Ministers of Ukraine “On approval of the Concept of social services system reform”.
- Directive #559 as of April 29, 2004 of the Cabinet of Ministers of Ukraine “On adoption of Rules for organization and facilitation of competition for allotting budget funding for social services provision”.
- Order #165 as of July 27, 2004 of the Ministry of Labor and Social Policy of Ukraine “On adoption of Criteria for evaluation of competitive bids for allotting budget funding for social services provision”. Registered in the Ministry of Justice of Ukraine under #1099/9698 on September 9, 2004.

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Law of Ukraine “On social services” – Framework Structure Assuring Functioning of All Components of the Social Services Provision Process

The Law defines availability of the following:

1. Target social groups – social service recipients
2. Minimal and extended portfolio of social services
3. Needs collection methods relevant to social services of different target groups
4. Methods of social service cost estimation
5. Standards in social service provision and the quality assurance
6. Effective system of social services procurement

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Slide 5

1.2. Definition of the Term “Social Services”

“ ... a set of legal, economic, psychological, educational, medical, rehabilitation and other activities targeting individual social groups or individuals who occur in intricate circumstances of life and require external assistance, aimed at improvement or reinstatement of their life performance, social adaptation and return to full-fledged life”.

(Article 1 of the Law of Ukraine "On social services")

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Slide 6

1.3. Key Principles of Social Services Provision

- «... targeted and individual approach;
- Accessibility and openness;
- Voluntary choice of acceptance or rejection of social services provision;
- Humanity;
- Comprehensive nature;
- Maximal efficiency in allocation of budget and other funding by social service providers;
- Legality;
- Social fairness;
- Assuring confidentiality by social service providers, compliance with the quality standards, responsibility to adhere to norms of ethics and law”.

(Article 3 of the Law of Ukraine "On social services")

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1.4. Structure and Management of the Social Services Provision Sector

“Social service provision sector is based at involvement and development of all types of ownership and is comprised by **government and nongovernmental** sectors”.

(Article 12 of the Law of Ukraine "On social services")

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1.4. Structure and Management of the Social Services Provision Sector (2)

Government sector:

“... **state** and **communal** special enterprises, institutions and facilities of social services provision that are subordinate to central, local authorities of executive government and local self-governance authorities...

Management of the state and communal sectors is implemented by relevant authorities of executive government and local self-governance authorities”.

(Article 12 of the Law of Ukraine "On social services")

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Slide 9

1.4. Structure and Management of the Social Services Provision Sector (3)

Nongovernmental sector:

“... legal entities that are established in compliance with legislation and not for purpose of generating income, individuals.

Nongovernmental sector also includes civil society organizations, charitable and religious organizations and individuals involved in activities related to provision of social services. ...

Management of the sector is implemented under the procedure outlined by legislation and relevant bylaws”.

(Article 12 of the Law of Ukraine "On social services")

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1.5. Organization and Coordination of Efforts Relevant to Social Services Provision

“... Central and local executive government authorities and local self-governance authorities within the scope of their capacity organize work relevant to provision of relevant social services and implement control over activity of social service providers.”

(Article 18 of the Law of Ukraine "On social services")

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Slide 11

2.1. Social Services System Reform

In 2007, the Cabinet of Ministers of Ukraine adopted the Concept of social services system reform for the period of 2008 – 2012.

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Slide 12

2.2. Social Services System Reform: Disadvantages of the Current System

- “... Current national system of social services is oriented prevalently upon care delivery in in-patient which does not strengthen family bonds, inhibits integration of vulnerable groups of population...”
- Centralized approach to identifying needs in social services and establishing a network of social services network, facilities and institutions determines orientation of quality and scope of such services prevalently upon financial capacity of the budget and not upon the needs of population and also does not provide for involvement of service recipients and their representatives to planning and quality control of the services provided.”

(Concept of social services system reform)

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2.3. Key Objectives of the Reform (1)

- “... establish **system of quality social services**, which would meet the **needs of different groups of population**, foremost those people who occur in intricate circumstances of life, by means of modernizing current and introduction of new social services;
- ... improve **management of the state expenditures** for social services with the purpose of their rational allocation;
- ... improve mechanism **stimulating** social services providers to **ongoing improvement of quality level** of such services”;

(Concept of social services system reform)

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2.3. Key Objectives of the Reform (2)

- “... **strengthen role of local self-governance** in planning, funding and organization of social services provision;
- improve **social services management**, specifically – introduce regulation mechanism relevant to social services system;
- establish environment for **development of social services market** by means of expanding their list, equal participation of service providers of all types of ownership at this market...”

(Concept of social services system reform)

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Slide 15

2.4. Key Approaches of the Reform (1)

- “... identify list of guaranteed by the state free of charge social services and categories of population entitled to their receipt;
- ... develop and introduce into practice methods of planning compliant with the assessment of the needs of population in social services;
- ... **develop and introduce mechanism of social contracting for social services** from nongovernmental service providers by oblast, municipal and raion self-governance authorities using local budget funding”;

(Concept of social services system reform)

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2.4. Key Approaches of the Reform (2)

- “... optimize allocation of funds received from the national, local budget and other sources for purposes of funding social services, improving methods of cost of services estimation per one recipient;
- ... establish market of social services by means of assuring equitable opportunities for organizations of different types of ownership”.

(Concept of social services system reform)

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Advantages of the Social Services System Reform

1. Attraction of additional investments into the social sector
2. Creation of new jobs in the social services sector
3. Satisfaction of social needs of communities in terms of scope and quality of the services
4. Reduction of social tension (improvement of criminal and epidemiological situation)
5. Increase of community activeness in addressing social challenges

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Slide 18

3.1. Funding Social Services (1)

- “... Funding for social services is provided by allocations of funds from **national** and local budgets, **special funds**, funds of enterprises, institutions and organizations, fees for social services, funds from charitable assistance (donations), funds of recipients of social services and other sources outlined by legislation.
- ... **Local budgets** should be planned including funds required for social services funding”.

(Article 14 of the Law of Ukraine "On social services")

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3.1. Funding Social Services (2)

- “... The national and local budgets should provide for funds required for **funding target programs of social services provision**.
- Funding territorial programs of social services development is provided by allocation of the assigned in local budgets **target subventions** or by means of **cooperating funds** of local budgets for purposes of **joint projects implementation...**”

(Article 14 of the Law of Ukraine "On social services")

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3.1. Funding Social Services (3)

“... In cases of allotting budget funds for funding social services, which are provided under established procedure by nongovernmental entities or individuals, local executive government authorities, local self-governance authorities **on competitive basis** enter with social services providers into agreements on the terms of funding and requirements relevant to the scope, procedure and quality of social services provision...”

(Article 13 of the Law of Ukraine "On social services")

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3.2. Competition for Social Services Provision

- Terms of organization and facilitation of competition for attracting local budget funding for social services provision are outlined by the Directive # 559 as of April 29, 2004 of the Cabinet of Ministers of Ukraine “On adoption of Rules for organization and facilitation of competition for allotting budget funding for social services provision”.
- Assessment criteria applicable to competition bids are outlined by the Order #165 as of July 27, 2004 of the Ministry of Labor and Social Policy of Ukraine “On adoption of Criteria for evaluation of competitive bids for allotting budget funding for social services provision”.

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3.3. Control over Target Allocation of Budget Funds

“... Control over target allocation of budget funds allotted for social services funding is implemented by relevant central and local executive government authorities, local self-governance authorities and authorities in affairs of financial control relevantly to the scope of their formal capacity”.

(Article 13 of the Law of Ukraine "On social services")

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4.1. Target Programs of Social Services Provision

- The Law of Ukraine "On social services" determines that social services funding from the national and local budgets should be provided under the framework of target programs of social services provision.
- Development and implementation of the programs should take place in full compliance with the principles of program target methods in the budget process.
- Program target method is also one of essentials of social contracting since it assures relationship between the funds expended and results achieved.

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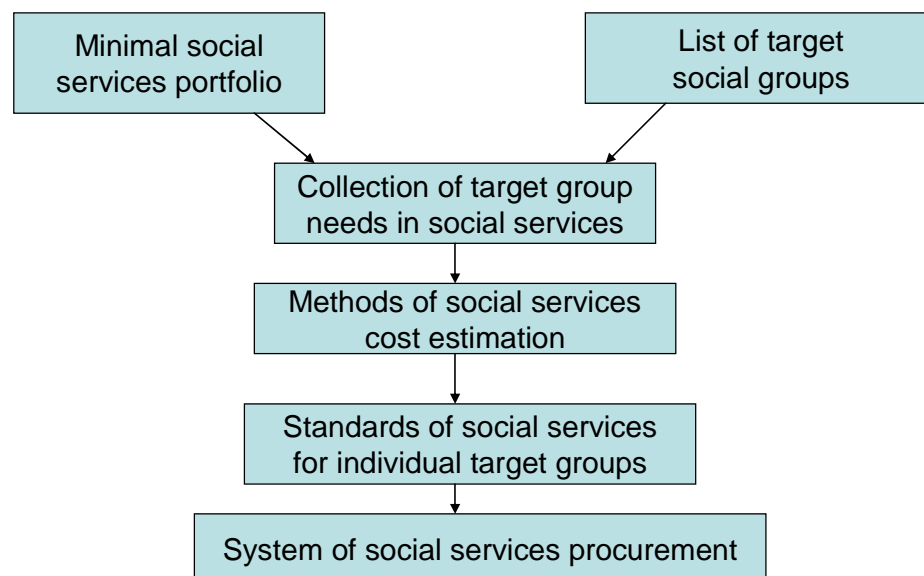
4.2. Legal and Regulatory Basis Regulating Procedures of Developing and Implementing Regional Target Programs

- Law of Ukraine “On state target programs”.
- Law of Ukraine “On local self-governance”.
- Law of Ukraine “On local state administrations”.
- Directive of the Cabinet of Ministers of Ukraine #106 as of January 31, 2007 “On adoption of Procedure for development and implementation of state target programs”.
- Regulation of the Cabinet of Ministers of Ukraine #538-p as of September 14, 2002 “On adoption of Concept for application of program target method in the budget process”.
- Technical guidance on procedures of developing regional target programs, monitoring and reporting their implementation, adopted by the Order #367 as of December 12, 2006 of the Ministry of Economy.

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Framework of Social Services Provision in the Country



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Methods of Needs Collection

Identify the number of representatives of specific target social groups via data of statistic departments.

Identify their needs in services.

In compliance with service portfolios, identify the scope of social services that may be received on free of charge basis.

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Methods of Social Services Cost Estimation

Calculate the cost of a social service per one client relevant to the services that will be identified in the minimal and extended portfolios.

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Standards of Social Services Provision and Their Quality Assurance

Procedure for development and adoption of standards of social services

Standards of social services for all providers regardless of type of ownership include the following:

- Content and scope of social services for individual target groups;
- Requirements applicable to the process of service provision;
- Differentiation of services in guaranteed and recommended services (minimal and extended portfolios for individual target groups);
- Expenditure items that have to be reflected in service cost estimation.

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Conclusions

- Despite the lack of term “social contracting” in the current legislation, there are grounds to state the availability of environment for introduction of social contracting in the sector of social services provision.
- The sector of social services in Ukraine includes opportunity to provide budget funding based social services by the state and nongovernmental providers.
- Social services contracting and allocation of funding should be based on competition with the mechanisms identified by legal and regulatory acts.

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Conclusions (2)

- Planning required scope of services and different level budget funding should be implemented under the framework of target programs of social services provision.
- At the same time, legislation does not outline the specific types of social services that should be planned in the budgets of different levels (national, oblast, raion and municipality).
- Local self-governance authorities are entitled, conditional to availability of relevant budget funds, to adopt target programs employing competition mechanisms.

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Conclusions (3)

- Currently, social services funding is not provided based on the needs estimates but by means of subsidizing the state and communal institutions and facilities providing social services.
- Change of approach to social services funding and establishment of equitable market environment for all providers is one of the components of social services reform.
- **Full scale introduction of social contracting requires comprehensive approach and will be extended in time for a number of years, but pilot introduction of the mechanism at local level is possible at the current time.**

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Extracts from the key legal and regulatory acts of Ukraine regulating functioning and funding the sector of social services

Effective as of May 12, 2008.

Law of Ukraine #966-IV as of June 19, 2003 “On social services”

Article 1. Definitions of key terms.

Social services – a set of legal, economic, psychological, educational, medical, rehabilitation and other activities targeting individual social groups or individuals who occur in intricate circumstances of life and require external assistance, aimed at improvement or reinstatement of their life performance, social adaptation and return to full-fledged life;

Providers of social services – state and communal special enterprises, institutions and facilities of social services provision that are subordinate to central, local authorities of executive government and local self-governance authorities (hereinafter – government and communal providers), legal entities that are established in compliance with legislation and not for purpose of generating income (hereinafter – nongovernmental providers), individuals.

Article 3. Key principles of social services provision.

Provision of social services is based on the following principles:

Targeted and individual approach;

Accessibility and openness;

Voluntary choice of acceptance or rejection of social services provision;

Humanity;

Comprehensive nature;

Maximal efficiency in allocation of budget and other funding by social service providers;

Legality;

Social fairness;

Assuring confidentiality by social service providers, compliance with the quality standards, responsibility to adhere to norms of ethics and law.

Article 10. Key rights of recipients of social services.

In receipt of social services, citizens have the following rights:

- To choose an institution and facility and also form of social servicing.

Article 12. Structure and management of the social services provision sector.

Social service provision sector is based at involvement and development of all types of ownership and is comprised by government and nongovernmental sectors.

Government sector includes providers that provide social services and are related to the state ownership, and managed by the central executive government authorities.

Communal sector includes institutions and facilities related to communal ownership that provide social services and are subordinate to local self-governance authorities.

Management of the state and communal sectors is implemented by relevant authorities of executive government and local self-governance authorities.

Nongovernmental sector also includes civil society organizations, charitable and religious organizations and individuals involved in activities related to provision of social services. Management of the sector is implemented under the procedure outlined by legislation and relevant bylaws.

Article 13. Cooperation in organization of social services provision.

Central and local executive government authorities, local self-governance authorities, in the process of organization of social services provision, work in terms of cooperation between themselves and also other social services providers, other legal entities and individuals.

In cases of allotting budget funds for funding social services, which are provided under established procedure by nongovernmental entities or individuals, local executive government authorities, local self-governance authorities **on competitive basis** enter with social services providers into agreements on the terms of funding and requirements relevant to the scope, procedure and quality of social services provision.

Rules for organization and implementation of competitive selection process for allocation of budget funds for purposes of social services provision are outlined by the Cabinet of Ministers of Ukraine.

Local executive government authorities, local self-governance authorities that have entered into agreements on allocation of budget funds for funding social services with nongovernmental providers, which succeeded in the competitive selection, implement control over target allocation of budget funds and quality of services provision.

Article 14. Funding social services

Funding for social services is provided by allocations of funds from **national** and local budgets, **special funds**, funds of enterprises, institutions and organizations, fees for social services, funds from charitable assistance (donations), funds of recipients of social services and other sources outlined by legislation.

Local budgets should be planned including funds required for social services funding.

The national and local budgets should provide for funds required for **funding target programs of social services provision**.

Funding territorial programs of social services development is provided by allocation of the assigned in local budgets target subventions or by means of cooperating funds of local budgets for purposes of joint projects implementation.

Regulation #178-p as of April 13, 2007 of the Cabinet of Ministers of Ukraine “On approval of the Concept of social services system reform”

Key objectives of the Concept:

Identify key fundamentals and principles of functioning and strategic approaches of social services system reform;

Improve regulatory and legal basis relevant to organization and functioning of the social services system.

Key objectives of the reform:

Improve management of national expenditures allotted to social services in order to assure their rational allocation;

Enhance the role of local self-governance in planning, funding and organization of the social services provision;

Improve management of social services, specifically, introduction of the mechanism for the social services system regulation;

Establish environment for development of social services market by means of extending their list, **equitable participation** at the market of providers of all types of ownership.

Strategic approaches to the social services system reform:

Develop and introduce the mechanism for social contracting relevant to social services from nongovernmental providers by oblast, municipal and raion self-governance authorities with allocation of local budget funding and based on the identified needs of territorial units in services;

Optimize allocation of funds allotted from the national, local budget and other sources for purposes of funding social services; improve methods for estimation of cost of service per one recipient;

Set up market of social services by means of assuring equitable opportunities for organizations of different types ownership, improve regulation mechanism applicable to their functioning, tax policy, **regulatory and legal basis of the competition based social services provision**; provision of services, which were excluded from the scope of free of charge services as guaranteed by the state, on the fee based terms.

Directive #559 as of April 29, 2004 of the Cabinet of Ministers of Ukraine “On adoption of Rules for organization and facilitation of competition for allotting budget funding for social services provision”

RULES
for organization and facilitation of competition for allotting budget funding
for social services provision

1. Resolution on facilitation of competition for allotting budget funding for social services provision (hereinafter referred to as competition) is adopted local executive government authorities, local self-governance authorities after adoption of the national and local budgets for the relevant year.

2. The resolution on facilitation of competition should state the following:

Date of competition (no sooner than 30 calendar days after the date of resolution adoption);

Deadline date for submission of competition documentation – package of documents disclosing the competitive bid (no later than 45 calendar days prior to the date of competition);

Competition related terms of reference and list of documentation required for submission to participate in the competition (terms of reference should contain the list of services announced for competition based funding and criteria for identification of the groups of people eligible to receipt of services);

Address for submission of the competition related documentation;

Requirements to the competition participants;

Terms of competition, criteria and procedure for identification of competition winners.

The resolution on facilitation of competition should be made public via mass media within three working days of the date of its adoption.

3. Entities eligible to participate in the competition are enterprises, institutions, organizations (excluding state and communal special enterprises, institutions and facilities of social servicing) and individuals entitled to provide social services on professional basis with allocation of budget funds in compliance with the outlined by resolution on facilitation of competition list of services and criteria applicable to referral of citizens to the groups entitled to service receipt (hereinafter referred to as competition contenders).

In case of availability of a sole competition contender, the competition process does not take place.

4. To assure preparation and facilitation of competition, local executive government authorities, local self-governance authorities establish a selection panel board comprised by not less than 9 people.

Depending on the formal capacity of authority that adopted resolution on competition facilitation, constituency of a selection panel board should include the Head of the Council of Ministers of Autonomous Republic of Crimea; Deputy Head of Oblast, Kyiv and Sevastopol Municipal or Raion State Administration; Deputy Head of Municipality; representatives of Oblast (Municipal, Raion) Departments of labor and social protection of population; in affairs of family, children and youth; education and science; healthcare and financial management.

Constituency of the selection panel board may also include representatives of relevant civil society organizations of veterans and disabled people, other civil society organizations upon their consent.

5. Initial meeting of a selection panel board should be facilitated no later than within 10 working days after receipt by the board members of notifications on their engagement in the board performance, further meetings – under the timeframe defined by the board.

In the initial meeting, the selection panel board elects the secretary out of the membership constituency.

Board meeting is deemed eligible if not less than two thirds of its membership constituency was present. Resolution of such board is adopted by means of majority vote of the board members present at the meeting.

Resolution of selection panel board is documented via minutes signed by all members who took part in the voting. In case of disagreement by a member of the board with the resolution, such member may suggest written recommendations that will be annexed to the minutes.

Competitive bids should be assessed in compliance with criteria adopted with the Order of the Ministry of Labor and Social Policy.

6. Selection panel board:

Affirms the competitive bidding application form and content of the announcement on competition;

Establishes scoring system for evaluation of competition contenders' compliance with the competition terms of reference;

Receives and registers competition related documentation under procedure outlined by the panel board;

Identifies competition participants based on submitted competition relevant documentation;

Facilitates competition process;

Identifies competition winners and submits the minutes to approval of the local executive government authority or local self-governance authority.

7. To take part in the competition, a contender submits to the selection panel board the competition related documentation completed in Ukrainian which should contain:

Application for competition participation;

Copy of the document certifying competition contender's capacity;

Copy of passport of the applying enterprise (institution, organization) manager or the individual;

Notarized copy of the license;

Power of attorney issued in the name of individual representing the interests of competition contender during the competition process;

Notarized copies of the establishment documentation of competition contender;

Copy of the recent quarterly tax report (except for individuals – competition contenders);

Audit opinion on financial status of competition contender as of the first day of reporting month (for competition contenders applying with competitive bid exceeding the amount equivalent to 10 thousand Euros and more;

Competitive bid specifying the types of services and groups of people that will be entitled to service receipt (in a separate sealed envelope).

8. Competition related documentation received after the announced deadline date for submissions will not be reviewed.

9. Secretary of the selection panel board registers competition related documentation and issues a notification with indication of registration time and date to the competition contender. Competition contender certifies the fact of competition related documentation acceptance with signature in the registration book.

Competition contender is entitled to withdraw the submitted competition related documentation for convenience prior to the announced deadline date for submissions via written notification of the selection panel board.

10. On the day of announced deadline date for submission of competition related documentation, the selection pane board holds a meeting where, after disclosure of envelopes with competitive bids, the bids are reviewed and evaluated.

Decision on identification of the competition winners should be adopted by selection panel board within seven working days after disclosure of envelopes.

11. The competition contenders with the bids most compliant with the competition terms of reference and receiving the highest evaluation score are identified as competition winners.

12. The meeting of competition selection panel board is documented via minutes that within the term of three working days should be submitted for approval to the local executive government authority or local self-governance authority.

Resolution of the selection panel board constitutes grounds for entering into agreement with the competition winners. The agreement should be entered into within the term of 10 working days after notification of the competition contenders on the competition results.

In cases when such agreement is impossible to be entered into within the stated term, selection panel board may, upon direction of the local executive government authority or local self-governance authority, extend the term for entering such agreement for the additional period not exceeding 10 working days.

13. Not later than within 10 working days after identification of the competition winners, selection panel board should notify in writing the competition contenders on its results and makes relevant information public via means of mass media.

14. Competition results may be subject to appeal in compliance with legislation.

15. Use of information contained in the competition related documentation should be performed in compliance with requirements of the Law of Ukraine “On information”.

16. Competition related documentation should be stored by the local executive government authority or local self-governance authority for the period of three years, and in relation to competition winners (in cases when they are entered into agreements for the effective term exceeding three years) – throughout the duration of effective term of such agreement.

17. Local executive government authorities or local self-governance authorities, which have entered with competition winners into agreements on allotting budget funds for social services funding, perform control over target allocation of funds and quality of the social services provision.

Competition winners submit to the contracting agent quarterly reports on allocation of budget funding and, if and when required, other operational reports.

**Order #165 as of July 27, 2004 of the Ministry of Labor and Social Policy of Ukraine
“On adoption of Criteria for evaluation of competitive bids for allotting budget funding for
social services provision”. Registered in the Ministry of Justice of Ukraine under
#1099/9698 on September 9, 2004**

**CRITERIA
for evaluation of competitive bids for allotting budget funding
for social services provision**

1. These Criteria are developed in compliance with the Paragraph 3 of Directive #559 as of April 29, 2004 of the Cabinet of Ministers of Ukraine “On adoption of Rules for organization and facilitation of competition for allotting budget funding for social services provision”.

2. Criteria for evaluation of competitive bids for allotting budget funding for social services provision (hereinafter referred to as Evaluation Criteria) are:

2.1. Financial status of contender (comprised by):

- Availability or absence of credit liability, which is evaluated relevantly as "0" or "1" point;
- Profitability or loss, which is evaluated relevantly as "1" or "0" points;
- Provision of services allocating own funding with further cost reimbursement – capacity or incapacity, which is evaluated relevantly as "1" or "0" points;
- Status of tangible and equipment assets (availability of premises, transportation vehicles, equipment, appliances, etc.) – availability or absence, which is evaluated relevantly as "1" or "0" points.

2.2. Experience in social services provision – number of full years of functioning related to the social services provision.

2.3. Qualification level of the staff that will be providing relevant services (comprised by):

- Availability of relevant level of education, which is evaluated relevantly as "0" through "3" points;
- Availability of demonstrated working experience in years, which is evaluated relevantly as:
 - Up to 1 year – "0" points;
 - 1 to 3 years – "1" point;
 - 3 to 5 years – "2" points;
 - Over 5 years – "3" points.

2.4. Specification of social services related indicators:

- Number of people potentially covered by social services;
- Work load per one specialist (number of people);
- Types of social services that may be provided by contender, etc.

2.5. Price of social services.

3. Calculation methods applicable to Criteria for evaluation of competitive bids.

Maximum amount of points constitutes 1000, maximum possible amount of points under each of the evaluated indicators and procedure for evaluation under each indicator for specific bids.

Amount of points for the bid () under evaluation may be calculated under the formulae:

$$= S = S \leq 1000, \text{ when } \leq 1$$

Or

$$= S = S / \leq 1000, \text{ when } > 1,$$

Where: S is the symbol for summation;

- Maximum possible number of points under the indicator (criterion) “i”, which is adopted by the competition selection panel board at the stage preceding evaluation of the bid;
- Deviation coefficient under the indicator “i” applicable to the bid and varying from the best (worst) indicator of other bids.

4. List of criteria applicable to evaluation of bids as per compliance with the terms of reference and spread of maximum points are presented in the Table 1 below.

Table 1

Ref #	Evaluation Criteria	Maximum score i
1	Financial status of contender	300
2	Experience in social services provision	100
3	Qualification level of the staff that will be providing relevant services	100
4	Specification of social services	100
5	Price of social services	400
Total		1000

Example of calculation for evaluation of competitive bids submitted by contenders to selection panel board

#	Evaluation Criteria	Max. Score	Units of Measurement	Value of Indicators Under Individual Bids		
				1	2	3
1	Financial status of contender		calculation	4	2	1
	Coefficients		points	$4/4 = 1$	$2/4 = 0,5$	$1/4 = 0,25$
	Calculation of points	300		$300 \cdot 1 = 300$	$300 \cdot 0,5 = 150$	$300 \cdot 0,25 = 75$
2	Experience in social services provision		years	5	2	1
	Coefficients		points	$5/5 = 1$	$2/5 = 0,4$	$1/5 = 0,2$
	Calculation of points	100		$100 \cdot 1 = 100$	$100 \cdot 0,4 = 40$	$100 \cdot 0,2 = 20$

3	Qualification level of the staff that will be providing relevant services		calculation	5	6	3
	Coefficients		points	0,83	1	0,5
	Calculation of points	100		83	100	50
4	Specification of social services indicators		people	13	18	15
	Coefficients		points	1	0,72	0,87
	Calculation of points	100	points	100	72	87
5	Price of social services		UAH	2100	1097	1035
	Coefficients		points	$2100/1035 = 2,03$	$1097/1035 = 1,06$	$1035/1035 = 1$
	Calculation of points	400		$400/2,03 = 197$	$400/1,06 = 377$	$400/1 = 400$
	Total	1000	points	780 winner	739	632

Session 3. Experience of introduction of social contracting at local level: key barriers and successes.

- **Objectives**

1. Discuss experience of organizations in participation in competitions for allotting budget funds at local level, find out positive and negative aspects of such experience.

- **Time**

30 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Break participants in a number of groups (optimal number of training participants in each group is 5-6 people).**

Depending on the specifics of each group, participants may be suggested to form groups under different criteria: location – from one city / oblast / region, key type of activity of their organizations or by random selection. Best possible option: when training participants in a group have different experience and may discuss it with the colleagues. To help participants with orientation as to which of them have practical experiences in participation in competitions for allotting budget funds for social contracting, please, refer to pre-training evaluation questionnaires. As a rule, majority of participants would have experience in drafting project proposals and minority would be experienced in implementation of the social contracting projects and, relevantly, in reporting. That is why, try and make sure that in each of the groups there is at least one participant able to share such experience to the rest of the group.

2. **Suggest the following practical task for group work:**

Discuss in the groups practical experience of your organizations in participating in competitions for allotting budget funds from local budgets (including social contracting related competitions; competitions announced by Departments in affairs of family, youth and sport; participation in other biddings and competitions). Discussion results should be presented in format of the tables (in big size sheets of paper) as demonstrated below:

Competition Stages	Positive Experience / Successes	Negative Experience / Barriers
Formulation / advocacy of competition priorities (social contracting program)		
Drafting competitive bid		
Project implementation		
Project reporting		

Time for exercise – 15 minutes. For presentation of the group work results, invite all groups to present (read out) their findings with further general discussion to concentrate on the critical aspects and avoid duplication in discussion of the same or similar issues.

Second option in facilitation of this session: invite representatives of developed NGOs with rich experience in attracting budget funds as experts for presentation. Session format: presentation by experts with further general discussion.

Advantages of such session scenario: use a specific example to share a successful model for attracting budget funding.

Disadvantages of such session scenario: as a rule, one successful model may not always be practically replicated in other municipalities / oblasts. Additionally, not all training participants are actively involved in the session.

7. Summarize the session and emphasize that we reviewed different examples when civil society organizations receive funds from local budgets. But such practice is not regular, which enhances the need in advocacy for introduction of social contracting for social services targeting HIV-vulnerable groups of people. Also, list the key positive and challenging (negative) aspects that different organizations experienced at different stages of social contracting.

Note for trainer:

Summarize developments of the group work and circulate them to participants after the training completion.

DAY 1 wrap-up.

- **Objectives**

1. Identify key achievements of the Day 1.
2. Discuss plans for the next day.
3. Set “home task”.

- **Time**

30 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Facilitate a brain storm exercise:** invite participants to identify the successful elements of the training and things they did not like. Write down results of the brain storm exercise, having divided a sheet of flipchart paper in two halves.
2. **Discuss agenda for the next day** reflecting information received during the first day of the training. Ask participants whether they would like to suggest some ideas as additional points for discussion during the upcoming day.
3. **Set the task for participants:** during the evening, review handout materials relevant to formulation of the social contracting challenges.

Start-up exercise, overview of Day 1 results.

- **Objectives**
 1. Identify additional expectations of the training participants taking into consideration the information received on the day before.
- **Time**

30 minutes.
- **Materials**

Flipchart paper; markers; adhesive tape.
- **Steps**

Using the format of brain storm exercise, discuss with participants, which moments of the first day of training were the most remarkable.

Session 4. Overview of current mechanisms for funding NGOs from budgets of different levels.

- **Objectives**

1. Present to the training participants current types of budget based NGO funding and regulatory acts regulating such mechanisms.
2. Help participants in understanding differences between social contracting and target support of specific types of NGO activities.

- **Time**

30 minutes.

- **Materials**

Projector for presentations.

- **Steps**

1. **Start presentation: “Overview of Current Mechanisms for Budget Based NGO Funding”.**

Remind participants that in the first day of the training, there was discussion of practices in attracting budgets funds, and all possible scenarios of allotting funds were reviewed. But NGOs may receive budget based funding via different mechanisms, and sometimes such mechanisms do not allow receipt of funds for purposes of funding the social services provision.

There may be two key types of budget based BGO funding:

- Competition of NGO projects;
- Target support of specific types of NGO activities.

There are developed mechanisms for NGO funding that are used by the Ministry in affairs of family, youth and sport and the Ministry of labor and social policy. Concentrate attention of the participants on the fact that such mechanisms are applicable to specific types of NGO exclusively: children and young people’s NGOs, civil society organizations of disabled people and veterans, etc.

Answer any questions raised during the presentation.

2. **Summarize the session:**

Above stated examples demonstrate different types of budget based NGO funding but none of them is related to social contracting, since they are not applicable to funding NGO activities on the social services provision. Individual organizations (of disabled people and veterans) receive target funding in support of their performance; project competitions of young people’s and civil society organizations have some features of social contracting (competition mechanism) but are not applicable to social services contracting.

Thus, there is still the critical importance with organization of competition practices for allotting budget based funding for social services provided by NGOs.

- **Handout materials**

Presentation “Overview of Current Mechanisms for Budget Based NGO Funding” (Annex 6).

Presentation “Overview of Current Mechanisms for Budget Based NGO Funding”



USAID | **HIV/AIDS Service Capacity
Project in Ukraine**
FROM THE AMERICAN PEOPLE

Overview of Current Mechanisms for Budget Based NGO Funding

Training for HIV-service NGO Representatives
in Advocacy for Introduction of Social Contracting Mechanism
at Local Level

Slide 1

Key Types of Budget Based NGO Funding:

There may be two key types identified of budget based NGO funding:

- Competition of NGO Projects
- Target support of activities of specific NGO types

This presentation describes specific examples demonstrating differences between social contracting and other types of funding.

2

Slide 2

Example 1. Competition of Projects Targeting Children, Young People, Women and Families (1)

- Competition organizer and budget funding administrator – Ministry in affairs of Family, Youth and Sport, in compliance with the Regulation # 1062 adopted by the Cabinet of Ministers of Ukraine (CMU) as of July 25, 2002 “On adoption of Procedure for facilitation of competition of draft programs developed by civil society organizations as relevant to children, young people, women and family”.
- Funding for competition facilitation is provided by the national budget in terms of national support to civil society organizations implementing national programs and activities relevant to children, young people, women and family.

3

Slide 3

Example 1. Competition of Projects Targeting Children, Young People, Women and Families (2)

- Eligible competition participants – civil society organizations with the All-Ukrainian status that are registered as legal entities under established procedure no later than one year prior to the date of submission deadline for competition applications.
- Competition participants should provide guarantees for availability of funds attracted from alternative sources in the amount comprising not less than 25 % of the total costing estimated amount of expenditures relevant to project implementation.

4

Slide 4

Example 1. Competition of Projects Targeting Children, Young People, Women and Families (3)

- Departments in affairs of family, youth and sport under Oblast State Administrations also facilitate competitions of projects among civil society organizations.
- Funding for competition facilitation is provided by the relevant local budgets.

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Slide 5

Example 2. Supporting Activities of Civil Society Organizations of Disabled People

- Budget funding administrator – Ministry of Labor and Social Policy of Ukraine.
- Budget Program “Financial Support of Civil Society Organizations of Disabled People”.
- Recipients of budget funding are civil society organizations of disabled people that are delineated by the Article 12 of the Law of Ukraine “On essential social security of disabled people in Ukraine” and have status of All-Ukrainian organizations, their local (oblast) branches and organizations of non-industrial sector “ ” (All-Ukrainian organization of deaf people) and “ ” (All-Ukrainian organization of blind people).

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Slide 6

Example 3. Supporting Activities of Civil Society Organizations of Veterans

- Budget funding administrator – Ministry of Labor and Social Policy of Ukraine.
- Budget Program “Financial Support of Civil Society Organizations of Veterans and Attendance to Military Burial Grounds and Military Memorials”.
- Budget funding administrator of subordinate level – State Committee of Veterans; recipients of budget funding are civil society organizations of veterans that have status of All-Ukrainian organizations.

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Slide 7

Example 4. Competition of Projects on Addressing Critical Social Challenges (Social Contracting) (1)

- Traditionally, these are referred to as competition for “social contract” or “social project bidding” (in compliance with the provision on bidding).
- Competition takes place in a number of municipalities where local government adopted relevant regulations on social contracting.
- Decisions relevant to the competition and nomination of eligible participants are adopted by local councils and local budgets should provide relevant funding for facilitation of the competition processes.

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Slide 8

Example 4. Competition of Projects on Addressing Critical Social Challenges (Social Contracting) (2)

- Competition organizer – department or unit of the responsible executive authority. Competition organizer acts as budget funding administrator and entitled with authority to enter into agreements with competition winners.
- Competition participants – organizations eligible under criteria outlined by the relevant regulation on the competition.

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Slide 9

Conclusions

- The above described examples demonstrate different types of budget based NGO funding.
- Target funding of NGOs (Examples 2 and 3) are not part of social contracting since they are specific to support of individual organizations and not comprehensive resolution of social challenges.
- Project competition facilitated under the framework of programs implemented by the Ministry in affairs of Family, Youth and Sport (Example 1) has some features of social contracting (competition tools and attracting additional funding) but does not provide for contracting social services (competition of providers).

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Slide 10

Session 5. Introduction of competition based mechanisms in social contracting: steps required.

- **Objectives**

1. Discuss conditions required for introduction of social contracting.
2. Identify the list of procedures required for adoption of “Provision on social contracting” at local level and package of documentation required for each procedure.

- **Time**

30 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape, projector for PowerPoint presentations.

- **Steps**

1. **Facilitate discussion** with the training participants to identify the level of development of local NGO sector relevant to introduction of social contracting.
2. **Provide information** on the processes of lobbying and decision making procedures at local level. **Discuss with participants** opportunities to involve decision makers and local self-governance authorities in the process of introduction of social contracting.
3. **Divide participants into 3 groups and set the task:** identify the “pros” and “contras” that may occur in:
 - NGOs;
 - Members of local councils; and
 - Authorities of local self-governance in the process of introduction of social contracting.

Time for group work exercise – 15 minutes.

4. **Review the handout material “Stages and documentation of social contracting” (Annex 7) and provide information** on each step and relevant documentation required for successful implementation of each step.
5. **Summarize the session** by means of joint review with participants of the key steps required to undertake for successful introduction of social contracting at local level.

Handout materials

2. “Stages and documentation of social contracting” (Annex 7).

Stages and documentation of social contracting.

	Stage Content	Documentation
1.	Establishment of a working group to design and introduce the mechanism of social contracting	<i>Directive of the Head of Municipality</i>
2.	Development and adoption of the plan of social contracting mechanism introduction	<i>Plan of social contracting mechanism introduction approved by the Head of Municipality</i>
3.	Preparation of the package of documentation relevant to social contracting for review at the session of Municipal Council	<i>Draft Resolution of Municipal Council Draft Provision on social contracting Explanatory memo</i>
4.	Initial review of the package of documentation in standing commissions of Municipal Council and services of legal monitoring	<i>Reconciled and finalized package of documentation relevant to social contracting mechanism introduction</i>
5.	Review and adoption by Municipal Council of resolution on social contracting	<i>Resolution of Municipal Council Adopted Provision on social contracting</i>
6.	Identification of priority social challenges in municipality to be addressed through social contracting mechanism	<i>Social and statistic research</i>
7.	Collection of recommendations from Departments and Services under Municipal Executive Committee, Raion Executive Committee, institutions and organizations	<i>Summarized recommendations Summarized analysis and justification of priorities</i>
8.	Primary assessment of the scope of resources required for funding social contracting from budget and other sources	<i>Estimate expenditure costing relevant to funding social contracting under each priority approach</i>
9.	Preparation of recommendations to the plan of social, economic and cultural development of municipality for next year	<i>Recommendations to relevant section of the plan of social, economic and cultural development of municipality</i>
10.	Preparation of recommendations to the draft budget of municipality for next year	<i>Recommendations to relevant expenditure items of the draft budget</i>
11.	Establishment of municipal selection panel board in affairs of preparation and facilitation of competitions	<i>Directive of the Head of Municipality on establishment of municipal selection panel board</i>
12.	Preparation of package of documentation for announcing competition of projects relevant to addressing priority social challenges	<i>Directive of the Head of Municipality Order to develop social programs, texts of announcements in mass media</i>
13.	Development of calendar work plan of the selection panel board relevant to each social contracting competition	<i>Calendar work plans of preparation and facilitation of social contracting</i>
14.	Provision of technical assistance to organizations intending to take part in competition	<i>Operational technical materials Recommendations relevant to drafting competitive bids</i>
15.	Development competition participants of projects and programs required under the competition terms of reference	<i>Draft social programs to address priority social challenges of municipality</i>

16.	Review and evaluation of draft social programs by selection panel board, identification of competition winner	<i>Individual evaluation sheets Evaluation summary score sheets Minutes of selection panel board</i>
17.	Approval of social programs that succeeded in competition	<i>Directive of the Head of Municipality on approval of competition winners</i>
18.	Entering into social contracts with competition winners	<i>Social contract between budget funds administrator and implementer</i>
19.	Facilitation of social contract implementation	<i>Progress reports and final report from implementer</i>
20.	Monitoring progress in addressing social challenges during the effective period of social contracts and after the date of its completion (post-contract monitoring)	<i>Monitoring data, analysis and formulation of terms of reference relevant to the next cycle of social contracting to address social challenges</i>

Session 6. Identification of priority challenges to funding with competition based mechanisms.

- **Objectives**

1. Present to the training participants examples of methods for identification of the priority challenges for social contracting design.
2. Build skills of negotiation with representatives of decision making bodies by means of facilitated role play.

- **Time**

45 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Facilitate short discussion asking participants the following questions:**

- In opinion of the training participants, how are priority social challenges identified at the national and local levels?
- Who specifically identifies that one of the challenges constitutes greater priority than another?
- By what means can a community affect priority setting of challenges? Can training participants make some examples?

Summarize the session concentrating attention on the fact that one of the critical components of social contracting process is **identification of the highest priority challenges** to be funded via social contracting mechanism. Application of methods of priority challenge identification will not only facilitate identification of different challenges in oblast or municipality, but also will demonstrate attitude of different groups of population and politicians to those challenges.

2. **Invite participants to open “Instructions on identification and assessment of priority social challenges in municipality / oblast” (Annex 8)**, which was developed and piloted in Odesa, Mykolaiv, Voznesensk, Chernivtsi and other municipalities of Ukraine. Since the training participants had the opportunity to review the methods in advance, facilitate general discussion of the Instructions with the help of following questions:

- In understanding of training participants, what is social diagnostics and social monitoring?
- What stages of social diagnostic processes are covered by the Instructions?
- What methods of data collection are used at each stage?
- What key stages of a social subject (meaning oblast or municipality) are outlined in the Instruction?
- How should the process of social diagnostic and social monitoring be organized to assure the fairness and justification of result relevant to the priority of social challenges?

Encourage the training participants to give answers to the stated questions, which will facilitate better understanding of the material.

Summarize discussion results: these methods may be used as a basis for adaptation or modification relevant to the needs and specifics of individual oblasts or municipalities.

3. Invite participants to break into two groups for the role play exercise.

Tasks for the groups:

In your oblast, there will evaluation (social diagnostic) take place under the above suggested methods; based on evaluation results, a list of critical social challenges (not more than 5 challenges) will be identified. Groups have to formulate these challenges; preferably, at least 2 or 3 of them have to be related to HIV/AIDS. Prepare report (presentation) on evaluation findings for presentation to the session of Municipal or Oblast Council. Objectives of the groups: convince decision makers that the presented challenges are indeed critically acute and in order to address them local budget funds have to be allotted for announcing the social contracting competition.

Groups have to decide individually, which format of the report or presentation would be the most applicable to convince decision makers.

Each group will take part in the role play acting as report presenters and as decision makers.

Time for preparation – 20 minutes.

Time for role play performance – 10 minutes for each group, including: 3 minutes for report presentation and 7 minutes for questions and discussions with decision makers. Role play conclusion – decision makers vote on the resolution to support suggested challenges such as to be funded from the local budget.

After role play conclusion, facilitate joint discussion covering the following questions:

- What was the most interesting in the process of report presentation?
- What should be improved?
- When you acted as decision makers, what was your first reaction to the suggested challenges? Did you change opinion during the discussion that followed?
- What useful conclusions / advice can draw upon completion of the role play (write down responses to a sheet of flipchart paper)?

5. Summarize the session by joint review with participants of the key challenges raised during the discussion.

Note for trainer:

Summarize useful conclusions and pieces of advice suggested during the discussion by the groups and circulate them to the training participants after the training completion.

Handout materials:

- 1. “Instructions on identification and assessment of priority social challenges” (Annex 8)**

Annex
To the Resolution of the
Municipal Council Session
_____ as of _____

**INSTRUCTIONS ON
IDENTIFICATION AND ASSESSMENT
OF PRIORITY SOCIAL CHALLENGES
IN THE CITY / TOWN OF _____**

1. GENERAL PROVISIONS

1.1. These Instructions on identification and assessment of priority social challenges in the city / town of _____ (hereinafter – **Instructions**) determine organization of assessment of municipal social sector to attain comprehensive and differentiated picture for evidence-based decision making in the best interests of municipal territorial community.

1.2. Instructions regulate the preparation and conduct of statistic and social studies, facilitation of expert assessment and social monitoring, as well as procedure for application of social diagnostics data in social and economic planning of municipal territorial community development and in addressing priority social issues of the city / town.

2. FUNDAMENTAL APPROACHES TO SOCIAL DIAGNOSTICS

2.1. Priority social challenges in the city / town of _____ are identified and assessed in the process of the municipal social sector diagnostics (hereinafter – **social diagnostics**). In this process, primary focus is on those aspects of social sector that **fall within competency of local self-governance authorities and civil society organizations of the city / town** and on specific challenges of this social sector that should be addressed prevalently **at local level**.

2.2. Research methods used for these Instructions are based on the **marketing model** of cooperation between the public and civil society, currently implemented in Ukraine under the framework of administrative reform, whereby **the key objective of public administration** and local self-governance is to enhance the implementation of constitutional rights and freedoms of citizens and the provision of services aimed at **satisfaction of social needs of population**.

2.3. Based on the above described principles, social diagnostics should be implemented **in three stages**:

Stage – unbiased / objective professional assessment of the municipal social sector by experts. Implemented through **collection and analysis of statistic data**, which describes different aspects of the social sector, including official statistics, baseline and operational information of city council departments and other municipal services. This results in **preliminary identification of social challenges** and their causes. Simultaneously, information background is developed for target and subject-driven social research;

Stage – subjective assessment of the current satisfaction of social needs by the population of the city / town. Implemented through **social research** in the population of the city / town and its social groups, both within specific social areas (basic social needs) and at multisectoral level (**multisectoral** social needs). As a result, the **dissatisfaction level** as regards social needs under research is measured, parameters of relevant social challenges and their causes are analyzed, and **provisional consolidated list** of priority social challenges in the city / town is developed;

Stage – **expert assessment** of data received in previous two stages, with **specified list** and parameters of priority social challenges, their causes and possible **resolutions**. At this stage, the **final consolidated list and relevant sub-lists** of priority social challenges in the city / town are developed, managerial decisions to improve situation in crisis social areas are prepared, and proposals to the draft programs of social, economic and cultural development of the city / town and to the municipal budget for the next year are developed.

2.4. While conducting social diagnostics, the entire municipal social sector is conditionally divided into **areas**, such as healthcare, amenities development, municipal infrastructure, trade, transportation, consumer services and other.

2.5. In the process of social diagnostics, the **quality of social services** provided to population by public and civil society actors, **satisfaction** of population and also **status** of municipal social facilities, including consumer services and culture infrastructure, are assessed.

2.6. Assessment is conducted through comparison of actual values of **social indicators** reflecting individual features of such facilities, and reference values.

2.7. **Reference values** of social indicators are either legally established **standards** or **average statistic readings** received via monitoring of social processes in specific areas of social sector, or **maximum achievable level of satisfaction under given circumstances** of specific social needs, as established by the expert assessment.

2.8. Depending on the level of incompliance of actual values of social indicators identified under the framework of social diagnostics with the reference values, there are **three phases of social object** identified:

1) **Sustainable phase** - actual values of social indicators fall **within the limits** of allowable deviations from the standard.

2) **Pre-crisis phase** - **some** values of social indicators fall **beyond the limits** of allowable deviations from the standard. Such situation indicates a **challenging situation**.

3) **Crisis phase** - **most or all** values of social indicators fall **beyond the limits** of allowable deviations from the standard. Such situation indicates a **challenging situation** in relevant social object or the given area of social sector.

2.9. Such three-phase social diagnostics of different areas of social sector helps identify priority social challenges of the city / town, which should at a later stage be aggregated into the **final consolidated list and prioritized**.

2.10. For further analysis and development of resolutions, priority social challenges may be also aggregated into **specific sub-lists: by nature** of challenges (social and economic, social and political, social and cultural challenges, challenges of specific social groups), **by agents** responsible for the resolution of such challenges (Verkhovna Rada, President, Cabinet of Ministers of Ukraine, central executive authorities, local executive authorities, Municipal Council, Municipal Executive Committee, non-government organizations, CBO), **by priority** of social challenges (important, immediate, critical), and by other features.

3. ORGANIZATION OF STATISTIC STUDIES

3.1. For the **preliminary** assessment of the level of compliance of **actual** values of quantitative social indicators with reference values rendered as **standards**, and detection of available discrepancies, indicating social challenges, statistic research on social objects of the municipal territorial community **should be undertaken**.

3.2. Statistic research shall be based on the Law of Ukraine “On state statistics in Ukraine” # 1922-III effective as of 07/13/2000, which regulates **collection** of comprehensive and objective statistic information reflecting economic, social, demographic and environmental information in Ukraine and its separate regions and **provision** of this information to the state and society.

3.3. The statistic research uses different official sources of statistic information, such as statistic fact sheets, updates, reports, year-books, statistic reviews, press releases, special

statistic editions, WEB-site of the State Statistics Committee of Ukraine and other sources, mentioned in the Technical Plan of the state statistic observations.

3.4. In addition to the official municipal statistics, describing separate social objects and municipal social sector as a whole, there are other sources of information like baseline and operational information of departments under Municipal Executive Committee and other public authorities and local self-governance authorities acting on the territory of municipality.

4. ORGANIZATION OF SOCIAL STUDIES

4.1. **Goal** of social research under social diagnostics is **detection** of the most critical challenges in social and cultural life of the city / town caused by unmet basic social needs of population and **prioritization** of social challenges, their geography and causes.

4.2. **Subjects** of social research are such immeasurable by methods of formal statistics individual and community aspects of social and cultural life as satisfaction, attitude, motivation, lifestyle, economic and social behavior, national and ethnic identity, sincerity, etc.

4.3. Social research measuring the level of satisfaction of social needs of population is done in the shape of on-site **interviews** with respondents in their areas of residence; the composition of respondents and their area of residence are identified based on objectives of specific research.

4.4. Preparation, implementation and result analysis of social research are done **in stages**. Scope of work for each stage is included into the work plan of social research.

4.5. **The assessment** of satisfaction of specific social needs is developed along particular **social indicators**, quantity and content of which is identified by means of expert analysis. Since satisfaction of many social needs of population is ensured through provision of **social services**, social indicators are selected in the manner reflecting primarily the **consumer related features** of these services. Such features include inventory, comprehensiveness, accessibility, convenience, appropriateness, quality, etc.

5. EXPERT AND ANALYTICAL SUPPORT OF SOCIAL DIAGNOSTICS

5.1. Expert and analytical support of social diagnostics targets achievement of the following **goals**:

- Comparison of data of social and statistical research and using it as a baseline for final list of priority social challenges in the city / town;
- Development of recommendations to eliminate causes of the most critical social challenges, development of would-be resolutions;
- Development of proposals to the draft programs of social, economic and cultural development and municipal budget development for the upcoming year for the immediate resolution of priority social challenges.

5.2. Application of expert analysis method in addressing challenges of social diagnostics starts with **competitive selection of experts** to constitute the **expert team**.

5.3. Quantity and quality of the expert team membership and competitive selection of experts are based on the scope and complexity of challenges to be addressed, availability of financial resources, qualification of experts and other factors.

5.4. The following people can be involved as experts to achieve objectives of these Instructions:

- members of Municipal Council;
- managers and leading specialists of local self-governance authorities;
- representatives of civil society and charitable organizations;
- representatives of CBO and associations of co-owners of multi-storey apartment buildings;
- researchers;
- other.

6. ORGANIZATION OF SOCIAL MONITORING

6.1. **Social monitoring** is ensured through regular social diagnostics. Its **key objectives** are: research on dynamics of social challenges and their causes, provision of informational background for related municipal government authorities and non-government organizations. Specific objectives of social monitoring depend on the scope and prioritization of social challenges, on society and political situation as well as on other factors.

6.2. Social monitoring can be **general** or **challenge oriented**. The goal of general monitoring is a regular analysis and diagnostics of the total municipal social sector or its components. Challenge oriented monitoring is tracking the tendencies of identified individual social challenge or challenges recognized as priority issues.

6.3. The social monitoring methodology is based on the Statistic and social research **technology** with further expert review, mentioned in the previous sections of these Instructions. This technology can be improved based on changes in the social and economic, social and political or regulatory and legal situation.

6.4. The integral parts of social monitoring are as follows: **analysis, discussion and dissemination** of its findings among stakeholders – managers and officials of Municipal Council, representatives of civil society organizations, mass media and population of city / town.

6.5. Broad discussion of social monitoring results helps register different opinions and proposals on causes of priority social challenges and possible resolutions; it also helps identify stakeholders and organizations that could contribute to the improvement of situation in one or another area of social sector.

6.6. Upon completion of the initial cycle of social monitoring, which usually lasts a year, it is necessary to evaluate the nature of change relevant to each social object along each qualitative and quantitative indicator, identify the tendencies in such change and determine its plausible cause. After that, the program of next monitoring cycle should be developed.

Session 7. Overview of standard documentation portfolio for introduction of social contracting.

- **Objectives**

1. Provide the list of standard regulatory and technical documents required for introduction of social contracting mechanism at local level, and analyze drafts of these documents.
2. Provide information on sequential nature of application of this regulatory and technical documentation.

- **Time**

1 hour 15 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Provide participants with the “List of documents required for social contracting implementation” (Annex 9)** required for introduction of social contracting mechanism and discuss specificity of development and adoption of these documents at local level.
2. **Provide information** on differences between the technical documents supporting the competition process and documentation that affirms social contracting at local level.
3. **Jointly with participants, review the “Standard Provision on social contracting” (Annex 10) and discuss procedures required.**
4. **Emphasize the need to prepare documentation prior to the budget process start** to assure allotting funds for purposes of social contracting.
5. Summarize the session by joint review with participants of the key challenges raised during the discussion.

Handout materials:

1. **“List of documents required for social contracting implementation” (Annex 9);**
2. **“Standard Provision on social contracting” (Annex 10).**

List of Documents Required for Social Contracting Implementation:

Regulatory documents:

1. Resolution of session of Municipal Council relevant to social contracting.
2. Provision on social contracting.
3. Constituency of selection panel board.
4. Directive of the Head of Municipality on announcement of competition of social projects targeting addressing challenges outlined in the target social program.
5. Order of the Head of Municipality on recognition of the competition winners.

Target social program for the current year (*is optional since funds for social contracting may be allotted after adoption of the Provision*).

Technical documents:

1. Instructions on identification and assessment of priority social challenges in municipality.
2. Questionnaire for population.
3. competition terms of reference and project application form.
4. Criteria for selection of social projects.
5. Minutes of selection panel board meeting on identification of winning projects under the social contracting competition.
6. Draft social contract between administrator of budget funds and the winning organization.
7. Forms of narrative and analytical reports of social contract implementers.

Annex
To the Resolution _____
by the Municipal Council
as of _____ # _____

**STANDARD PROVISION
ON SOCIAL CONTRACTING**

in municipality of _____

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1. GENERAL PROVISIONS

1.1. Regulations on social contracting in the city of _____ (hereinafter referred to as the Regulations) defines a legal, organizational and financial framework of social contracting, as well as the procedure of forming and implementing social contracts at all levels of municipal self-governance.

1.2. Key terms used in these provisions have the following meaning:

social contracting – a package of organizational and legal activities aimed at developing and implementing social programs and projects funded from the budget or other sources through social contracts awarded on a competitive basis;

social group – two or more people that interact on the basis of joint activity, place of residence, place of stay, social status, nationality, gender, education and other characteristics;

social needs – needs and interests of citizens that belong to specific social groups;

social challenge – unmet social needs and interests of citizens, generalized as a social task to be fulfilled;

goal of social contracting – meeting social needs and interests of a social group through resolution of its social challenge (a set of social challenges);

target social program – a package of social projects and interventions intended to address municipal social challenges that have interrelated goals, resources, implementers and deadlines;

social project – a package of measures with interrelated deadlines, resources, and implementers that are intended to fulfill one of the tasks of a target social program or a local task, which is socially important for a specific city area or CBO territory;

entities responsible for addressing social challenges – local authorities that a territorial community or the State appropriately authorizes and provides with resources to address a social challenge;

social contracting agent – a local authority empowered by an entity responsible for addressing a social challenge, to be a party to a social contract and act as social services contracting agent;

social services provider – a nonprofit organization that has won a competition and was awarded a social contract to provide a social service. Community-based organizations (CBO) may act as social services providers at the municipal and rayon level;

social services co-providers – a legal entity or an individual that the social services provider contracts to do specific work related to social contracting;

social contracting sponsor – a legal entity or an individual, involved in social contracting that allocates additional resources to the provider on a charitable or contractual basis;

nonprofit organizations (NPO) – non-government and charitable organizations that are established and operate being guided by the Laws “On NGO”, “On charity and charitable organizations”, “On youth and children non-government organizations”, as well as – in specific cases - CBO, which are established and operate being guided by the Law of Ukraine “On CBO” and which do not generate profits to be distributed among founders and organization members as their incomes;

social contract – an agreement that is entered into by social contracting parties (contracting agent and provider) and that defines economic and legal rights of the parties as well as regulates relations between the contracting agent and provider;

social contract for nonprofit organizations – an agreement on the procedure of implementation and financing of a target social program (social project) made between the contracting agent and provider, who operates on a nonprofit basis;

social contracting main resources – financial, physical and other resources that the contracting agent manages on behalf of an entity responsible for the resolution of a social challenge. Under the terms of a social contract main resources are only part of all resources that are requisite for social contracting;

social contracting additional resources – financial, physical and other resources that the social services provider additionally raises for social contracting and the scope of which is stipulated in a social contract;

self-taxation – a way of raising funds from a population of a particular territory on a voluntary basis in order to fund one-time special social interventions.

1.3. As an organizational and legal form of interaction between local authorities and NPO, social contracting can be used to enhance the effectiveness of utilization of budget and off-budget funds in order to resolve social challenges, bring additional resources in the social sector, improve social service coverage and targeting, adequately redistribute social responsibility between the State and society, and build the population's trust in public authorities.

1.4. The following **principles** underlie the social contracting mechanism:

- priority of social challenges to be resolved through social contracting;
- integrated approach to addressing social challenges;
- combination of budgetary and off-budget funding;
- competitive selection of providers;
- openness and transparency of all procedures;
- increased reliance on community resources;
- providers' initiative combined with their commitment to the terms of a social contract.

1.5. The social contracting mechanism is normally used to address the acutest social challenges provided that there are NPO capable of addressing these challenges. Recommended areas for social contracting in the city of _____ are listed in **Annex 1**.

1.6. Depending on the magnitude of social challenges, for which the social contracting mechanism is invoked, the following levels of social contracting have been set for the city of _____:

- municipal social contracting;
- district social contracting;
- CBO social contracting.

1.7. Social contracting is funded from:

- city and district budgets;
- the moneys of CBO, including self-taxation;
- special funds managed by local authorities;
- off-budget funds of local authorities;
- local funds and funds of nonprofit organizations;
- charitable contributions and other legitimate sources of funding.

1.8. Logistic support for social contracting is ensured with:

- the contracting agent's property, which is conveyed to the provider and is used during the period of social contracting on a privileged or free of charge basis;
- the provider's property;
- the property of a sponsor that the provider involves in social contracting.

1.9. These Regulations are predicated upon the Constitution, Civil Code of Ukraine, Law of Ukraine "On local self-government of Ukraine", "On the procurement of goods and services for government funds" and other legislative and regulatory documents applicable to social contracting.

1.10. The regulatory framework of the social contracting mechanism in the city of _____ consists of regulatory documents listed in paragraph 1.9, as well as these Regulations, directives issued by the city council, administrative regulatory documents of social contracting bodies and their subunits.

2. SOCIAL CONTRACTING PREPARATION

2.1. Identifying social priority challenges

2.1.1. The social contracting mechanism is used to address social challenges that meet the following criteria:

() are referred to the jurisdiction of local authorities pursuant to the Constitution of Ukraine, the Law of Ukraine “On local self-government of Ukraine” and other regulatory documents;

(b) are defined as priorities in regulatory documents and statements of the city council;

(c) are currently not being addressed or being addressed ineffectively;

(d) are potentially solvable or already being addressed by NPO or with their participation.

2.1.2. Social priorities that need to be addressed at the local level through the social contracting mechanism are inventoried by means of a special Methodology, developed by the city council selection panel on social programs, projects and social services providers (hereinafter referred to as the city social contracting selection panel). This list is annually approved by the city council as part of the city socioeconomic and cultural development program. If necessary, during the year the city council may modify the approved inventory.

2.1.3. Based on the approved list of social priorities, the city council adopts a program to support NPO and sets nominations for future competition for social programs, projects and social services providers as well as an amount of funding from the city budget for each nomination.

2.1.4. Social priorities that need to be addressed at the local level through the social contracting mechanism at the city district or CBO level are also identified with the above Methodology by authorized subunits of these bodies and the list is approved by the decision of the head of the city district administration and the CBO body within the framework of their work plans for a specific period of time.

2.1.5. Proposals on social challenges, which need to be addressed through the social contracting mechanism, may be submitted by standing and provisional committees of the city council, MP groups, MPs, the city council executive bodies and their subdivisions, CBO, enterprises, organizations, associations of citizens, which operate on a specific territory, and by individual citizens to the city social contracting selection panel, or to a respective city district administration or a CBO depending on the level at which the social contracting mechanism is used. Such proposals are considered when social priorities are identified and their list is approved. The sample inventory is given in **Annex 2**.

2.2. Formulation of tasks to address social challenges through the social contracting

2.2.1. Based on approved lists of social priorities of a specific municipal territory, the city council social selection panel, a respective city district administration or a CBO in concert with city council MPs and, if necessary, experts formulate tasks and requirements to bids on the design and implementation of social programs and projects that address social challenges through the social contracting mechanism.

2.2.2. Tasks to address social challenges through the social contracting mechanism must include the following information:

() description of a social program;

(b) level at which social contracting is to be used;

(c) information about the designer of a target social program and project (if any) or an instruction regarding the need to select one on a competitive basis;

(d) the amount of budget funds to be allocated for the development and implementation of social program or project that will use the social contracting mechanism;

() an estimated scope of additional funding;

(f) logistic resources (room, equipment, tools) to be lent to the social services provider;

(g) deadlines, including social program (project) design and approval deadlines;

(h) basic requirements that a social program (project) must meet.

2.2.3. Tasks and requirements to bids intended to address social challenges of the city, city district or a specific territory of a CBO using social contracting mechanism are approved by the city mayor, head of the city district administration or CBO, respectively.

2.3. Design of target social programs and projects

2.3.1. Special social programs and projects that are implemented through the social contracting mechanism can be designed and implemented in two ways:

- through competitive selection of best target social programs and projects developed by NPO, with granting program/project authors the right to implement programs (projects) as social services providers;
- through preliminary development of social programs and projects by the municipal council executive bodies and CBO or at their request by outside organizations, with further competitive selection of implementers of these programs/projects from among NPO.

Entities responsible for the resolution of social challenges choose one of two proposed programs for each priority social challenge, taking into account the complexity and magnitude of these challenges, availability of efficient NPO and appropriately skilled professionals.

2.3.2. If the city social selection panel or heads of respective city district administration and CBO find it necessary, those draft social programs (projects) that won the bidding can be submitted to the city council, city executive committee or a CBO for approval.

2.3.3. A statement that approves a social program (project) must specify which part of the program (or the entire program) is to be implemented through the social contracting mechanism. If several implementers from the city council executive bodies or subunits take part in the implementation of a social program (project), the above-mentioned statement may also designate a coordinator of co-implementers from among city council officials.

2.3.4. As a rule, social projects are implemented through the social contracting mechanism in their entirety, without being fragmented.

2.4. Identification of social contracting agents

2.4.1. To ensure the implementation of social programs (projects) through the social contracting mechanism, its timely funding and implementation monitoring by entities responsible for the resolution of social challenges, contracting agents are identified and designated.

2.4.2. Municipal executive committee departments and services or city council internal policy departments can contract social services at the municipal level.

2.4.3. Respective city district administrations or CBO can contract social services at the city district level or CBO territory.

2.4.4. If several executive bodies or city council subunits are involved in the implementation of a social program, a contracting agent can be selected on a competitive basis.

2.4.5. The city social selection panel in coordination with city council standing committees and its executive bodies, announces competition to select a contracting agent.

2.4.6. A contracting agent that is to address a specific social challenge or implement a specific social program shall be selected by open review and comparison of all applicants' profiles.

2.4.7. During the competition, preference shall be given to those bodies or subunits that undertake most work and assume most responsibility in addressing a social challenge or implementing a target social program. Attention is paid to the experience of such bodies or subunits in addressing similar social challenges, as well as to their proficiency and administrative skills of their managers and staff.

2.4.8. The selection panel may invite bidding participants to a meeting to sum up the bidding results and hear their opinion.

2.4.9. A record of bidding results signed by the chair and secretary of the social selection panels shall be submitted to the city mayor, who designates contracting agents.

3. PREPARATION AND FACILITATION OF COMPETITIVE SELECTION OF SOCIAL PROGRAMS, PROJECTS AND SOCIAL SERVICES PROVIDERS

3.1. Establishment of selection panel boards

3.1.1. To prepare and facilitate bidding for target social programs, projects, social services providers at all levels of social contracting, city and city district selection panels are set up. The latter also make sure that CBO selection panels fulfill their functions during the bidding at the level of a specific city district or CBO territory.

3.1.4. The membership of the city selection panel is approved by the city mayor, and the membership of city district selection panel is approved by the resolutions of respective city district administrations.

3.1.5. The selection panels headed by the city council secretary or one of city mayor deputies consist of representatives of standing MP committees, city council executive bodies, scientific and nonprofit organizations, local enterprises and institutions.

3.1.6. Municipal district selection panels headed by deputy heads of city district administrations shall include MPs of the city council, elected in a particular district, employees of city district administrations, representatives of enterprises and institutions located in a specific city district, as well as NPO operating on its territory.

3.1.7. Proposals concerning the number of members of social selection panels shall be submitted to the city mayor and heads of city district administrations, MP groups, as well as enterprises, institutions, organizations and CBO located or operating on a specific territory.

3.2. Organizational and operational procedures of selection panels

3.2.1. A selection panel shall operate in the form of meetings, which shall be held when necessary and shall be duly authorized if at least two thirds of all members are in attendance.

3.2.2. Resolutions of a selection panel shall be adopted by the majority of votes from attending members. In the event of equal number of votes preference shall be given to a decision supported by the chair of the selection panel.

3.2.3. Resolutions of a selection panel may be passed by open, secret ballot or roll-call vote. A form of voting is chosen by the majority of attending panel members unless otherwise is provided in the selection procedure.

3.2.4. A member of a selection panel, who represents any bidding organization, shall not vote when the highest bidder is being selected in a specific nomination.

3.2.5. Meetings of the selection panel shall be normally held openly, and media is welcome. Experts and other persons, who are not on the panel, may be invited by the panel to attend its meetings and be entitled to a deliberate vote.

3.2.6. Logistic support for the operation of the city selection panel shall be provided by the city executive committee, and for city district selection panel – by respective city district administrations.

3.2.7. All members of selection panels shall work on a voluntary basis.

3.3 Scope of authority of selection panels and their decision-making bodies

3.3.1. The selection panel shall:

- () review and register proposals, and following reasons specified by these Regulations may reject any applicant;
- (b) during the selection of social programs and projects, review draft target social programs/projects received from applicants, select the best ones, to the authors of which accord a social services provider status;
- (c) during the selection of social serviced providers, review proposals received from applicants concerning the implementation of target social programs/projects and select winners, who will provide social services;
- (d) provide recommendations to winners, who were accorded a social services provider status, as to engaging organizations, which had participated in the competition and had submitted interesting proposals, as co-providers;

- () provide recommendations to contracting agents regarding the redistribution of funding earmarked for social contracting among social services providers and co-providers;
 - (f) provide recommendations to the city council, city district administration or a CBO (depending on the level of social contracting) as to a substantiated need for changing the budget allocations initially planned for contracting specific social services within a specific nomination;
 - (g) contract experts to be engaged in its work and paid from the funds earmarked for these purposes;
 - (h) the city selection panel shall provide practical and information and methodological support to city district selection panels, in particular in assessing projects and submitted proposals.
- 3.3.2. The selection panel chair shall:
- convene selection panel meetings;
 - preside over the selection panel meetings;
 - sign minutes and other official documents of the selection panel;
 - represent the selection panel in relations with other social contracting entities, as well as with enterprises, institutions, organizations that are involved in the implementation of a target social program (project).
- 3.3.3. The selection panel deputy chair shall:
- act as a chair when the chair is absent or unable to perform his/her duties for other reasons;
 - perform specific functions according to the distribution of responsibilities among committee members, and individual tasks set by the selection panel chair.
- 3.3.4. The selection panel secretary:
- accepts bids;
 - organizes record-keeping in the selection panel;
 - document the selection panel meetings;
 - provides ballots for secret and roll-call voting, and does a count of votes;
 - signs minutes of selection panel meetings jointly with the selection panel chair.

3.4. Request for Applications (RFA)

3.4.1. Based on the tasks, formulated by the city selection panel, respective subunits of the city district administration and CBO, which are intended to address priority social challenges through the social contracting mechanism, or based on approved target social programs/projects, the city mayor, head of the city district administration or CBO shall issue a directive or pass a resolution that announces RFA to implement social programs (projects) and select social services providers.

The RFA shall be published in the city council newspaper “_____” and in other media.

3.4.2. The RFA shall contain:

- () the selection nominations, i.e. names of social challenges to be addressed through competition;
- (b) the goal and tasks of target social programs (projects) that are intended to address the above social challenges, or social contracting tasks for approved social programs and projects;
- (c) an amount of budget and other funds that an entity responsible for addressing specific social challenges has allocated for the design and implementation of target social programs (projects);
- (d) requirements to bidding participants;
- (e) deadlines for bidding documentation submission;
- (f) terms and conditions of the selection procedure;
- (g) requirements to bidding documents;

- (h) criteria of selecting winners in each nomination;
- (i) contacts and working hours of the selection panel;
- (j) deadline for selection results summary and announcement of winners.

3.4.3. The selection of social programs / projects and social services providers normally consists of two selections:

- selection of social programs/projects, followed by the selection of a social services provider, takes place when it is necessary that NPO develops a target social program (project);
- selection of social services providers to implement the existing social program/project.

3.5. Requirements to bidding organizations

3.5.1. NPO, the Articles of Association of which not provide for activities aimed at addressing social challenges, shall be allowed to bidding for social programs/projects and social services providers.

3.5.2. Oblast, city, rayon NPO, CBO and local centers of national and international NGO, which are registered in the city or legally operate on its territory, may take part in the competition.

3.5.3. Commercial organizations may bid only through charitable organizations founded by them.

3.5.4. The experience of work of a registered, bidding NPO in a respective social area must not be less than 3 months by the date of the bidding submission deadline.

3.5.5. An NPO shall be allowed to bid provided that it has been proven that it is capable independently or under sponsor support of contributing a required amount of additional funding.

3.5.6. To bid, an NPO must not have back taxes or arrears on contributions to government special funds.

3.5.7. If a bidding NPO fails to meet at least one of the said requirements, it shall be barred from bidding.

3.6. Organization of competition for social programs/projects

3.6.1. Bids shall be accepted within the timescale specified in the bidding RFA. The selection panel secretary shall be responsible for receiving bids at the address and by the deadline specified in the RFA.

3.6.1. Bidding NPO shall submit the following documents to the selection panel committee:

- () a copy of the Articles of Association (TOR) of the organization;
- (b) a copy of the registration certificate;
- (c) bidding application in the form of a resolution adopted by the managing board of the organization and certified by the organization's seal;
- (d) an official statement from a territorial tax agency confirming that the organization has no back taxes or arrears on contribution to government special funds;
- (e) a bank statement verifying that the organization has an additional funding amount in its account, or a copy of an agreement with a sponsor (sponsors) of social contracting, which undertakes to provide additional funding for social contracting;
- (f) a license if a specific social contract requires activities that are subject to licensing, as well as other documents verifying that the organization meets the qualifying requirements;
- (g) reference letters from government bodies, local self-governance authorities, institutions and non-government organizations (if any);
- (h) a draft target social program/project (for social program / project competition), or a package of activities designed to implement the existing social program / project (competition for social services providers). A draft target social program must meet the requirements listed in **Annex 3**, while a draft social project – those listed in

Annex 4. An application form to be used for these proposals is given in **Annex 5.**

Drafts shall be submitted in an envelope officially sealed by the organization.

3.6.2. An applicant must provide a description of submitted documents along with the application (in duplicate). One copy, which the applicant keeps, shall be marked by the secretary to confirm that the application has been registered with the selection panel, or that registration has been denied.

3.6.3. An applicant may be denied participation in the selection process in the following cases:

- () the applicant does not meet the requirements listed in paragraph 3.5;
- (b) an application was submitted after the deadline;
- (c) an incomplete package of documents required under paragraph 3.6 was submitted by the deadline;
- (d) the selection panel has ascertained that the applicant provided distorted or unreliable information about his/her organization.

This list of denial reasons is exhaustive.

3.6.4. Applications and other documents that are to be submitted to the selection panel may be written in Ukrainian or Russian at applicants' discretion.

3.6.5. Within three days after the receipt of an application the selection panel shall notify the applicant that the applicant is admitted to the selection process, or that the applicant must complement or finalize the submitted documents or the applicant is notified in writing that he/she is denied participation in the selection process on valid grounds.

3.6.6. In the event that the applicant's documents are returned due to incompleteness or improper execution, the applicant may apply for the selection process again after requisite amendments have been effected within a set timeframe.

3.6.7. After the deadline, the selection panel shall make a written statement on the completion of the application receipt procedure. The statement shall contain a list of all registered applications, names of applying organizations, and a list of all denied applications and denial reasons. The statement shall be approved by the selection panel.

3.6.8. Representatives of rejected organizations, which disagreed with the selection panel decision, may be invited to a selection panel meeting when the results are summed up. The selection panel may consider their arguments during the discussion of the statement on the completion of the application receipt procedure.

3.6.9. After the statement is approved, the selection panel shall open the accepted envelopes with bids. The selection panel secretary shall stamp each page of each bid with the selection panel seal, which is normally kept safe by the panel chair. The selection panel secretary shall make a required number of copies of the registered bid and provide them to all committee members and invited experts.

3.6.10. The selection panel shall evaluate bids received for each task intended to address a social challenge through the social contracting mechanism, using the following criteria:

- () compliance with the task;
- (b) feasibility;
- (c) economic, social and other effects.

3.6.11. If necessary, the selection panel shall conduct a peer review of bids with the involvement of invited experts.

3.6.12. In addition to the criteria listed in paragraph 3.6.11, the selection panel shall consider administrative, financial and logistic capacities of a bidding organization, its experience in a specific area and the availability of appropriately skilled staff.

3.6.13. Each member of the selection panel shall provide his/her written evaluation of submitted bids and bidding organizations, according to specific indicators and form. The selection panel secretary shall summarize individual evaluations and make a consolidated evaluation sheet for each nomination.

3.6.14. All participants in the selection process may be invited to a sum-up meeting of the selection panel. The selection panel shall make decisions on each nomination winner on the ground of the consolidated evaluation sheet, experts' notes, and, if necessary, applicants' arguments. The winners shall be entitled to make a social contract with the contracting agent.

3.6.15. Resolution of the selection panel shall be properly documented and signed by all selection panel members. Each member shall have a right to present his/her opinion in writing, which is attached to the minutes.

3.6.16. The selection panel shall notify all Round 1 participants of its decision within a five-day period, and shall have the resolution published in the media.

3.6.17. If only one contender was submitted for any nomination, or submitted bids were found unsatisfactory, the selection panel shall recognize the selection process for a given nomination as invalid, and shall announce an additional deadline for bidding submission. The additional deadline shall not exceed 30 days starting from the day the panel made the above decision. A repeat RFA shall be published in the media within three days.

3.6.18. During a repeat review of submitted bids, decision shall be made irrespective of the number of participants. If the situation described in paragraph 3.6.18 repeats, the second selection procedure shall be recognized as valid, and the given nomination shall be withdrawn from the selection process.

3.6.19. After reviewing all materials the selection panel shall decide on a winner(s) in each nomination, which shall be given a right to make a social contract with the contracting agent as provider.

3.6.20. In its decision on each nomination, the selection panel may recommend the winner to engage other participants, which failed but the bids of which were interesting, as co-providers.

3.6.21. In the final minutes, the selection panel may provide its recommendations for the contracting agent as to the redistribution of funding between the social services provider and co-providers within the amount of funds allocated for social contract.

3.6.22. The selection panel may provide recommendations for a respective council, city district administration or a CBO as to the rationale for changing the amount of funding initially budgeted for social contracting, and recommend an estimated total funding amount for a target social program/project as a whole.

3.6.23. Final minutes for each nomination shall be made in triplicate and shall be signed by all selection panel members, each member having a right to present his/her personal written opinion, which is attached to the minutes.

3.6.24. One copy of signed minutes for each nomination shall be provided to bidding winners. One copy of the minutes with information about the winners shall be provided for respective contracting agents to prepare draft social contracts. One copy of the minutes shall remain in the selection panel files.

3.7. Announcement of selection results

3.7.1. The selection panel shall have selection results published in the media within five days.

3.7.2. Based on the selection results, the selection panel board and social services contracting agents shall hold press-conferences and briefings with the participation of all stakeholders.

3.8. Financial support of selection process

3.8.1. Costs associated with the competition for social programs / projects and social services providers shall be incurred by bidding winners, i.e. social services providers, and shall be included in the amount of additional resources that the providers bring in (independently or under sponsor support).

3.8.2. The selection process financial support is meant for:

- (a) paying for media publications;
- (b) paying invited experts;

- (c) copying documents, buying office supplies and covering administrative expenses.

4. SOCIAL CONTRACT FORMULATION

4.1. Social contract terms and conditions

4.1.1. The winner in the social contracting competition shall be accorded a status of a social services provider (hereinafter referred to as the provider) and shall enter into a social contract with the contracting agent.

4.1.2. The contracting agent and provider shall sign the social contract within 10 days after the head of a respective body approves the selection results minutes or after a respective body approves a target social program/project, recognized the best during the social program / project competition.

A social contract shall contain the following information:

- () information about the parties entering into the social contract;
- (b) social contract purpose;
- (c) terms and conditions of a social contract subject to the tasks and requirements set forth in these Regulations;
- (d) rights and obligations of the parties;
- (e) dispute settlement mechanism;
- (f) social contract terms and conditions list, procedure and timeframe that the provider must follow;
- (g) amount, procedure and timeframe for funds to be provided to the provider by the contracting agent;
- (h) procedure and forms of the provider's reporting to the contracting agent as regards the execution of the social contract (internal reporting);
- (i) responsibility of parties for non-implementation or improper implementation of the social contract;
- (k) forms and procedure of the contracting agent's control over the use of social contract funds;
- (l) deadlines and form of ongoing and final reporting (external reporting);
- (m) form, timeframe, and procedure of follow-up monitoring of a target social group (beneficiary of social contract);
- (n) terms and procedure of social contract modification, termination, etc.

4.1.3. The social contract shall be endorsed by the selection panel chair and approved by the city mayor. A standard form of a social contract for NPO is given in **Annex 6**.

4.1.4. A timeline shall be attached to the social contract (**Annex 7**) and an estimated cost (**Annex 8**).

4.2. Social contract invalidity

4.2.1. The social contract made by the provider and contracting agent on the basis of bidding results shall be recognized as void as is provided for in Ukraine's law.

4.2.2. Disputes about the recognition of social contracts as invalid shall be examined in a court of arbitration, in accordance with the laws of Ukraine.

5. ORGANIZATION OF SOCIAL CONTRACT IMPLEMENTATION

5.1. Rights and liabilities of social contracting agent

5.1.1. The contracting agent may:

- () be on the selection panel with a right to deliberative vote;
- (b) not interfere with the provider's ongoing activities, may control the scope, schedule, and quality of the provider's work, and provision of services under the social contract, if necessary, give recommendations to the provider as to potential deviations, propose the coordinator of a target social program to make substantiated changes in the terms and other conditions of social contract;

- (c) request appropriate authorities to take administrative or legal action in case the provider has breached the terms of the social contract;
- (d) execute and co-sign with the provider an Acceptance report (**Annex 9**).

5.1.2. The contracting agent must:

- () draft a social contract; agree it with the selection panel chair, financial and legal units of a respective local self-governance authority;
- (b) accumulate funds on its special bank account received from sources approved by a target social program / project; provide funding to the provider in a manner prescribed by the social contract;
- (c) provide advance and final funding to the provider on condition that the provider fully implements the social contract;
- (d) for each source, monitor the use of social contract funds by the provider and co-providers and make sure that funds are spent in a reasonable and sound manner;
- (e) as appropriate, provide financial bodies with financial reports on the use of moneys received at a special account for funding a social contract;
- (f) conduct follow-up monitoring of a target social group within the timeframe stipulated in the social contract;
- (g) monitor the appropriateness of use of logistic resources by the provider.

5.2. Rights and liabilities of social contracting party (provider)

5.2.1. The provider may:

- () manage social contract to the best of its skills within a stipulated amount of core and additional funding and estimated costs, while strictly following the schedule, and meeting quantitative and qualitative parameters of the work performed (services provided) under the social contract;
- (b) engage co-providers to the best of its knowledge, from among NPO that the selection panel recommended based on the bidding results, and, in agreement with the contracting agent, – from among other legal entities and individuals;
- (c) request the contracting agent or selection panel to explain specific provisions of the social contract, funding, etc., as well as motivation behind the contracting agent decisions regarding the performance of social contract;
- (d) demand that the contracting agent strictly meet its obligations under the social contract as to timely and appropriate funding through advance and progressive payments for work actually done, and its logistic support for the provider;
- (e) if the contracting agent defaults on the social contract, take all legitimate action to protect and exercise its rights, including recourse to the coordinator of a target social program, court authorities, or early termination of the social contract.

5.2.2. The provider must:

- () use funds allocated by the contracting agent to execute the social contract, as well as funds it additionally taps, strictly according to the purpose, i.e. only for activities related to the implementation of a target social program (project);
- (b) keep accounting and reporting records in accordance with the law;
- (c) in case of early termination of the social contract, timely return the unexpended funds to the contracting agent, unless otherwise is provided in the social contract;
- (d) conduct follow-up monitoring of a target social group within a term stipulated in the social contract.

5.3. Dispute settlement

Any disputes arising between the provider and contracting agent in the course of conclusion, execution, amendment or termination of the social contract, as well as disputes about paying damages shall be addressed in accordance with laws of Ukraine.

5.4. Interaction of entities involved in social contracting

5.4.1. The provider shall coordinate the efforts of co-providers within a given social contract, acting as principal provider on the basis of bilateral agreements with the co-providers.

5.4.2. The target social program coordinator, designated along with the program approval, shall coordinate the interaction of the provider with other co-providers.

5.4.3. The contracting agent shall coordinate the interaction of the provider with other social project implementers.

5.5. Social contract modification and termination

5.5.1. Unilateral modification of the social contract or unilateral refusal to meet contractual commitments is admissible only if stipulated by the social contract or legislation.

5.5.2. Any amendments in the effective social contract may be made only by mutual agreement of the provider and contracting agent on the basis of well-grounded proposals that either party may put forth by virtue of external or internal reasons emerging during the implementation of the social contract.

5.5.3. If either of the parties deems it necessary to modify or cancel the social contract, it must send a relevant proposal to the other party, which the latter must consider and respond to within a stipulated period of time. Amendments in or additions to the terms of the effective social contract shall be executed in writing in the same manner that was used to execute the social contract.

5.5.4. If any of the parties notifies the other one that for some reason (without sufficient grounds) it cannot meet its commitments, legislation on the renunciation of fulfillment of obligations shall be applied to the social contract repudiator, which entails civil (property) liability.

5.5.5. If force majeure prevents either of the parties to meet its contractual commitments, the extension of the social contract shall be subject to review by the target social program coordinator or the head of a respective local authority or local executive body, who may order to set up an ad hoc committee to investigate the circumstances of the case and prepare pertinent recommendations.

5.6. Reporting, accountability, responsibilities of parties

5.6.1. Deadlines and the forms of current and final reporting shall be stipulated in the social contract.

5.6.2. A list of indicators that the contracting agent uses to monitor the provider's performance under the social contract shall be stipulated in the contract.

5.6.3. If either party fails to implement or improperly implements the social contract, it shall be held responsible under the social contract and effective legislation.

6. EVALUATION OF SOCIAL CONTRACT IMPLEMENTATION

6.1. Quality control of works and services implementation

6.1.1. The quality of work done and social services provided by the provider under the social contract shall be controlled by the contracting agent, who uses the procedure and indicators specified in the social contract.

6.1.2. The contracting agent may invite experts or set up special expert groups to provide a final evaluation of the quality of work done and of a target social group situation, for which social services have been contracted.

6.2. Evaluation of social contract implementation

6.2.1. If the results of work done meet qualitative and quantitative requirements of the social contract, the contracting agent shall execute an Acceptance report, which each party signs. The form of the Acceptance report is given in Annex .

6.2.2. If the results of work done meet qualitative and quantitative requirements of the social contract partially, the contracting agent may decide to give the provider an opportunity to remedy defects within a specific period of time, and upon the completion of this work report on it to the contracting agent.

6.2.3. The Acceptance report signed by the parties shall be a ground for the contracting agent to transfer the core funds to the provider, as is stipulated in the social contract.

6.3. Organization of post-contract monitoring

6.3.1. Within a specified period following the completion of work under the social contract, the parties shall conduct a follow-up monitoring of the target social group, issuing monthly (quarterly) statements of monitoring results and sharing information.

6.3.2. To ensure feedback and a more complete analysis of the efficiency of work done under the social contract either contracting agent or provider may initiate a sociological survey among the target group and other social services clients. The findings of such surveys along with monitoring materials may serve as a basis for preparing a new task intended to address a social challenge through social contracting.

7. FINAL PROVISIONS

7.1. Being guided by the principles of openness, transparency and broad reliance on community resources, the initiators of social contracting ensure broad media coverage of social contracting at all its progress stages, including identification of priority social challenges, development and approval of target social programs/projects, competitive selection of social services providers, program/project implementation progress, evaluation of implementation results.

7.2. At least once per quarter, on a regular basis, clients and deputy heads of local self-governance authorities and local public executive authorities shall review the social contract implementation progress, and at least once per six months it is reviewed by executive and representative bodies.

7.3. To share experience with other cities and oblasts of Ukraine, foreign countries, improve the use of social contracting mechanism by local self-governance authorities, local MP committees, subunits of representative and executive bodies, NPO initiate roundtables on social contracting challenges, publish regulatory, technical and reference literature.

7.4. To encourage NPO and business involvement in addressing social challenges in administrative-territorial entities, local self-governance authorities and local public executive bodies shall take appropriate actions to support social services providers and social contract sponsors, including:

- provide government tax and duty relief for local budget revenues;
- provide local tax and levy relief;
- rent relief and other privileges accorded by the local council within its ambit of authority;

Legal entities and individuals that provide additional funding for social contracts, including sponsors, enjoy support from local authorities within concrete social contracts.

RECOMMENDED SOCIAL CONTRACTING AREAS

1. Social protection, including most vulnerable populations:
 - War veterans;
 - Retired and the elderly people;
 - Disabled people;
 - Chernobyl disaster victims;
 - Families with children and low-income families;
 - Families with many children;
 - Single mothers;
 - Homeless children;
 - Military and their families;
 - Persons of no fixed abode and ex-prisoners;
2. Social benefits.
3. Social support, including psychosocial support, promotion of active longevity and social inclusion of socially vulnerable populations.
4. Social services, including in inpatient health facilities.
5. Employment and labor market regulation.
6. Private pension plan.
7. Private social insurance.
8. Support for victims of natural calamities and man-caused disasters.
9. Support for refugees.
10. Support for youth development.
11. Support for children and youth initiatives.
12. Environment protection.
13. Environment education.
14. Support for education.
15. Healthy lifestyle and public health promotion.
16. Revival and development of national culture and spirituality.
17. Development of physical education and sports.
18. Substance use response.
19. Protection and maintenance of cultural, historic objects, monuments and architecture.
20. Legal education and legal protection of the population.
21. Support for NPO that work to address social challenges.
22. Preservation, study and use of historical heroic heritage.
23. HIV/AIDS prevention, social security of affected people
24. Improving the demographic situation.
25. Funeral benefit for low-income citizens, funeral services.
26. Settlements improvement, etc.

APPROVED

by resolution

of _____ 200____. # _____

PRIORITY CHALLENGES of (the city) _____
 TO BE ADDRESSED THROUGH SOCIAL CONTRACT

in _____

Social area	Description of a social challenge	Priority
1. Social security of population	1.1. 1.2. 1.3.	I (II or III)
2.	2.1. 2.2.	
3.		

REQUIREMENTS TO TARGET SOCIAL PROGRAMS

1. A target social program (TSP) is a package of social projects and interventions that are designed to address a social challenge (a set of social challenges), and that have interrelated goals, resources, implementers and deadlines.
2. TSP normally have an integrated nature, and are developed, approved and implemented pursuant to the Constitution of Ukraine (Article 143), Law of Ukraine “On local self-governance in Ukraine” (Articles 1, 26, 27, 33, 34, 42, 61), and other regulatory documents.
3. The procedure of development, approval and implementation of TSP is established in the respective regulations adopted by a city council.
4. TSP may be designed on the basis of:
 - legislation requirements;
 - work plans of representative and executive bodies;
 - resolutions by representative bodies, and directives issued by chairs.
5. Draft TSP can be developed on the initiative of standing committees and other bodies of the city council, members of local parliaments, subunits of executive bodies, as well as enterprises, institutions and organizations, associations of citizens and individuals.
6. TSP is aimed at addressing specific social challenges which have been identified as priorities.
7. TSP may be developed by:
 - the city council executive bodies who are charged with developing TSP;
 - working groups set up by resolution of the city mayor in order to design TSP;
 - NPOs which bid for social program / projects to be implemented through social contracts;
 - scientific and research organizations of different types of ownership, which are tasked with developing TSP or initiate the process;
 - individuals, who develop or are involved in developing TSP on a contractual or volunteer basis.
8. Draft TSP is developed on the basis of an approved concept (fundamental provisions).
9. TSP should include:
 - description of a social challenge (several challenges) and substantiation for its resolution with program methods;
 - qualitative and quantitative parameters of the situation of a social group that TSP targets;
 - key program goals and objectives;
 - program implementation timeframe and stages;
 - social projects and activities that ensure the implementation of program goals and objectives at each implementation stage;
 - financial, logistical, human and other resources available, as well as sources and scope of such resources for each social project or program activity;
 - regulatory, organizational, technical and communication activities intended to support the program.

10. Draft TSP should include an explanatory note describing program implementation process, forms and methods of monitoring its projects and activities, expected social, economic and other effects of its implementation.

11. Draft TSP may also include conclusions by institutions and organizations, including international ones, on social challenges being addressed, agreed material chosen by TSP developers, which provides rationale for resolution options.

12. Key requirements to TSP format.

- 1) Blank A4 sheets of paper are used for core text (paper A3 format is used for tables and schemes) without letterheads or stamps of the organization.
- 2) Text must be typed on a computer (in exceptional cases – on typewriter) using the Times New Roman font, 14 point type, in normal style, and line-to-line spacing of 1,0-1,2.
- 3) Tables and graphic material should be presented understandably in at least 10 point type size.
- 4) Margins – top and bottom - 2 cm;
 - left – 3.0 cm;
 - right – 1.5 cm.
- 5) Pages should be numerated at the top center of the sheet.
- 6) General amount of core text with annexes must not exceed 7 sheets of paper.
- 7) The organization director and secretary sign the core text indicating the dates of the draft review by a joint body of the organization and the reference number of the minutes.
- 8) Signature of the director is verified by the organization's seal.

Materials not complying with the above requirements are not accepted by the selection panel. Such materials shall be returned for finalization.

REQUIREMENTS TO SOCIAL PROJECTS

1. A social project (SP) is a set of activities with agreed timeframes and implementers, designed to address one of the tasks of a target social program (TSP) or a local social task.
2. In developing, agreeing and approving SP, which are either part of TSP or are individual SP, one should be guided by the requirements to target social programs given in Annex C to the Regulations on social contracting in the city of Odesa.
3. In developing, agreeing and approving SP aimed at meeting individual social objectives one should keep in mind that such SP, unlike TSP, should be approved as target social programs by an executive committee rather than a respective local self-government.
4. SP considerably differ from TSP, as SP are implemented within a shorter term (normally, within one year), and only as a whole without breakdown by components.

APPLICATION FORM FOR
SOCIAL PROGRAM AND PROJECT COMPETITION

SOCIAL PROJECT COMPETITION
200_

Applicant <i>Full name of the applying organization</i>					
Project name <i>Not more than one sentence</i>					
Brief description of project activities <i>Describe what is planned under the project, key expected results; not more than 15 lines</i>					
Project duration <i>Number of months</i>		Start <i>mm / dd / yy</i>		End <i>mm / dd / yy</i>	
	<i>Figure</i>		<i>Not earlier than 04 / 01 / 2004</i>		<i>Not later than 12 / 20 / 2004</i>
Amount requested <i>UAH</i>					
	<i>Figure</i>		<i>In words</i>		

1.1. Description of a municipal challenge that the project targets

Text volume – not more than half a page.

1.2. Project goal and objectives

The goal of the project is the result that must be achieved during project implementation; Project objectives is a list of key issues that need to be resolved as a result of project implementation, and that ensure the attainment of the goal (in other words, this is a sub-goal of the project); objectives should be reflected in the names of project components.

1.3. What is innovative about the project

Text volume – not more than 1-2 paragraphs.

1.4. What is proposed as part of project implementation

1.4.1. Target group

Describe what target group the project addresses, how many people will be covered by project activities.

1.4.2. Key stages of project implementation

Please, give a detailed description of key project stages; what specifically is proposed for each stage implementation, what and how many activities are planned, how they will contribute to achieving the project goal.

1.4.3. Description of activities

Please describe each of proposed trainings, workshops, events, sport competitions, etc. (if any), and indicate the number of people to be covered by each activity, its duration, potential venue, the number of facilitators (and from what organizations they will be invited), as well as give description of these activities.

1.5. Project expected results

1.5.1. Expected results for the TARGET GROUP

- **Short-term result**

Describe specific results to be expected during and upon the final implementation of the project, which can be evaluated in various ways.

- **Long-term results**

Give your vision of the project's impact on the target group in future.

1.5.2. Expected results for the CITY

- **Short-term results**

Describe specific results to be expected during and upon the final implementation of the project, which can be evaluated.

Long-term results

Describe how the project implementation can impact the social situation in the city in future.

1.5.3. Expected results for the project IMPLEMENTING ORGANIZATION

Short-term results

Describe specific results to be expected during and right after the implementation of the project, which can be evaluated.

Long-term results

Describe how the project implementation can impact the implementing organization in future.

1.6. Project effectiveness indicators

Specify indicators that will be used to assess the project progress and results achieved against the goal and objectives.

Describe how project results can be measured taking into account the fact that each objective must have its own evaluation indicators.

1.7. Dissemination of information about project activities and results

Describe how information about the project and its results will be disseminated among various municipal populations:

1.7.1. How the target group will learn about the approved project;

1.7.2. How city population will learn about the start of the project, its progress and

results;

1.7.3. What organizations (or other groups and associations), how and how often will be informed about the project progress.

1.8. Project sustainability

What is your vision of project continuation/development after target funding is over and the projects ends?

Please, describe how project results can be used in future, including the possibility of using additional financial resources for project continuation/development.

Given the real situation in the city, please, choose one of the options below that most fully describes the project sustainability prospects.

What is the probability of project activities to be continued after the project ends (chosed only one answer):

<input type="checkbox"/>	The probability of project continuation without additional funding is close to zero. It is unclear what might support the project in future
<input type="checkbox"/>	We are not sure we can continue the project on our own. There are organizations that could back the project, however, their position is not clear yet
<input type="checkbox"/>	There are organizations interested in project continuation. Hopefully, they will support the project administratively and financially
<input type="checkbox"/>	The project is sure to continue, however, its implementation at a high level will require additional funding. The probability of obtaining such funding from other sources is high.
<input type="checkbox"/>	We have guarantees (agreement) that the project will continue, and will be supported by other organizations (or we can continue the project with our own resources)

2.1. Information about the applicant

2.3.1. Statutory goals and objectives of the organization

2.3.2. Experience in addressing the challenge put out to competition

Briefly list projects and programs, recently implemented or being implementing by the applicant

2.3.3. Applicant resources

List additional resources for the project implementation that the applicant possesses, for instance, training materials, software, specialists with appropriate expertise; specify what premises, equipment the organization has, the composition and number of fulltime and part-time staff, etc.

Specify what resources from other sources will be used to implement the project.

3.1. Consolidated budget

Item	Amount requested, (UAH)	Other sources, (UAH)	Total, (UAH)
Salary and fees (<i>taxes included</i>)	00,00	00,00	00,00
Travel and transportation			
Equipment			
Rent of room and equipment			
Office rent			
Publications			
Staff training			
Payment to other organizations for services			
Communications			
Supplies			
Other taxes			
Banking charges			
...			
...			
Total:	00,00	00,00	00,00

3.2. Possible budget limitations

Item	Allowable costs, according to bidding terms (%)	Requested, according to the project budget (%)
Salary (<i>taxes included</i>)	30	
Fees for invited specialists (<i>taxes included</i>)	15	
Equipment	30	
Office rent	10	

SOCIAL CONTRACT # _____

" _____ " _____ 200__.

CONTRACTING AGENT: _____

Represented by _____

Acting under _____

As one party, and

PROVIDER: _____

Represented by _____

Acting under _____

As the other party,

Enter into this Social Contract (hereinafter – the Contract) as follows:

1. SUBJECT MATTER OF CONTRACT

1.1 CONTRACTING AGENT offers, and PROVIDER accepts the terms and conditions of the _____ implementation of the _____ following works:

1.2 The Scope of Work in entirety and at specific stages is defined by the target social program _____ (social _____ project):

(title of the target social program (social project))

approved by the resolution of _____

as of _____ # _____, attached to the body of this Contract by reference.

1.3 Works to be implemented under this Contract should comply with the following key requirements: _____

Timeframe for the implementation of the Scope of Work is set as follows: from _____ through: _____.

Scope and timeframe for the implementation of specific activities are defined by the Implementation Plan, attached to the body of this Contract by reference. In case of early implementation of works by PROVIDER, the parties will negotiate procedure of acceptance and final payment.

1.4 When implementation progress gives evidence of unavoidability of deliverable incompliant with the terms of the Contract or of inexpediency of further implementation of the Contract, PROVIDER has the right to halt performance and notify the CONTRACTING AGENT about that within three days following the halt.

Under such circumstances, the parties shall negotiate within five days the relevance of further implementation of the Contract and, if required, to approach Coordinator of the target social program or Chair with a request to terminate the Contract.

1.5 Key requirements to deliverables: _____

2. COST OF WORKS AND PAYMENT PROCEDURES

2.1. Under the terms specified in the p.1 of the Contract, CONTRACTING AGENT pays PROVIDER 70% of the total cost of works or _____ (_____) UAH, under Cost Calculation, attached to the body of this Contract by reference.

Remaining 30% of the total cost of works or _____ (_____) UAH, including _____ (_____) UAH to cover selection process expenses, PROVIDER shall raise on its own or through social contracting sponsors.

2.2. No later than two weeks after signing the Contract, PROVIDER, in line with p.2.1., transfers to the non-budgetary account _____ (recipient name, account number) the amount of _____ (_____) UAH, to pay selection-related costs. The remaining amount out of 30% of the total cost of works under the Social Contract shall be raised by PROVIDER within the effective term of the Contract and allocated for the implementation of specified activities.

2.3. No later than one month after signing the Contract, CONTRACTING AGENT shall wire to PROVIDER in advance the amount of _____% of the total cost of works specified under p.2.1. or _____ (_____) UAH.

2.4. CONTRACTING AGENT makes interim payments against Acceptance Reports certifying completion and acceptance of specific stages of the Contract, effected by the parties during the implementation of works.

2.5. CONTRACTING AGENT makes final payment to the PROVIDER after completion of the Scope of Work under the Contract and execution of the related Acceptance Report.

3. ACCEPTANCE PROCEDURE

3.1. PROVIDER shall notify CONTRACTING AGENT on completion of specific stages of the Contract and the Scope of Work as a whole, which should be certified by effecting bilateral Acceptance Reports on completion and acceptance of stages of works (Scope of Work). If CONTRACTING AGENT fails to accept any stage of works within five days, PROVIDER is entitled to unilateral effecting of the Acceptance Report, which can be a ground for payment. Acceptance of stages of works and Scope of Work as such is effected in compliance with the target social program (social project) and terms of this Contract.

3.2. No later than two weeks after completion of the Scope of Work, PROVIDER provides CONTRACTING AGENT with the implementation report, expert statement and other documentation specified in this Contract.

3.3. CONTRACTING AGENT shall notify PROVIDER on any claims or grievances, if any, relevant to activities implemented, within ten days upon receipt of the report. In such case, the parties effect bilateral acts specifying the list of required improvements and their implementation timeframe or, alternatively, use of interim deliverables in case of suspending further activities.

3.4. If acceptance procedure reveals the need in substantial improvement of provided deliverables or the need to amend terms of the Contract implementation upon request of CONTRACTING AGENT, this can be done under Modification Agreement specifying new implementation schedule and cost of works.

3.5. If during the implementation of the Contract, CONTRACTING AGENT or PROVIDER believes it necessary to replace one type of activity with another, then such replacement should be effected by written agreement under the Scope of Work.

4. RESPONSIBILITIES OF THE PARTIES

4.1. PROVIDER is responsible for the consistency of relevant deliverables under the Scope of Work and deliverables under specific stages and their compliance with requirements of the target social program (social project) and this Contract.

4.2. In case of violating the Timeline, PROVIDER shall pay to CONTRACTING AGENT a penalty equal to _____% of the total cost of the Contract for each day of a delay, but cumulatively not more than the amount (in percentage) of funds actually transferred within the reporting period.

4.3. PROVIDER shall remove any of its faults, mentioned in the Acceptance Report, using its own assets and funds within a period of time agreed with the CONTRACTING AGENT.

Otherwise, PROVIDER shall pay to CONTRACTING AGENT, above the penalty indicated hereinabove, the fine equal to _____% of the cost of works to be redone.

4.4. If CONTRACTING AGENT can not accept works done because they fail to comply with the terms of the target social program (social project) and this Contract, PROVIDER shall reimburse to CONTRACTING AGENT all implementation funds received hereunder and pays damages.

4.5. Payment of fine does not mean that PROVIDER no more implements the Contract.

5. FORCE MAJEURE

5.1. Both parties shall not be responsible for total or partial failure to fulfill any of obligations hereunder, if such failure resulted from force majeure (calamity, hostilities, and other circumstances beyond control of the parties) that occurred after this Contract had been signed.

5.2. Timeline for obligations under the Contract is amended relevant to the duration and after-effects of force majeure.

5.3. The party, which fails to fulfill its obligations under the Contract due to the force majeure, shall immediately notify the other party about that.

5.4. Official statement of a special commission to be established under the order of the Head of

(name of local self-governance or local state executive authority) or judicial authority

shall be sufficient to recognize the above described circumstances as force majeure.

6. OTHER TERMS

6.1. Any possible dispute under this Contract should first be approached through constructive negotiations. If any agreement is impossible to achieve, the dispute shall be regulated via arbitration.

6.2 After signing this Contract, all preliminary negotiations, communication, provisional agreements and protocols of intent related to this Contract shall be void.

6.2. Any amendment in the text of this Contract takes effect only upon its mutual authorization by the parties in each specific case.

6.3. In cases unspecified under this Contract, the parties shall be guided by the effective civil laws.

This Contract is executed in duplicate; both copies are of equal legal effect, one for each Party.

7. PERIOD OF CONTRACT AND LEGAL ADDRESSES OF PARTIES

7.1. Contract Starts _____.

7.2. Contract Ends _____.

7.3. Address and Bank Information:

7.4. Annexes to the Contract:

- Special social program (social project), _____ pages.
- Timeline form, _____ pages.
- Cost calculation, _____ pages.

PROVIDER:

(name, mail code)

(address)

(account number, bank name)

(bank code info)

CONTRACTING AGENT:

(name, mail code)

(address)

(account number, bank name)

(bank code info)

TTIMELINE FORM
for implementation of works
under Social Contract #_____ as of 200__.

(name of social contract)

#	Scope of Work (name of stage)	DELIVERABLE	Due Dates	Estimated Cost, UAH

COST ESTIMATION FORM
under Social Contract as of _____ 200__ . # _____

 (name of social contract)

Funding sources:

- Local budget;
- Rayon budget;
- Non-budgetary fund;
- Special fund.

CONTRACTING AGENT _____

Implementation timeframe: beginning _____ end _____

#	Item of Expenditure	Total for 200__	Including in quarters			
			I	II	III	IV
1	2	3	4	5	6	7
1	Wages / salaries					
2	Payroll tax (37,5 % of item 1)					
3	Supplies (direct costs)					
4	Travels (direct costs)					
5	Equipment (direct costs)					
6	Costs for co-providers works					
7	Other costs (up to 15% of item 1, including expert evaluation – up to 3 % of item 9)					
8	Overhead costs					
9	Total costs					

PROVIDER:

CONTRACTING AGENT:

 (position: manager, chief accountant)

 (position: manager, chief accountant)

 (signature, initials, last name)
 PoS

 (signature, initials, last name)
 PoS

ACCEPTANCE ACT
on the works implemented
under Social Contract
As of “_____” _____ 200__ # _____

 (name of social contract)
 We, the undersigned, representative of PROVIDER

_____,
 (position, name)
 as the one party, and representative of CONTRACTING AGENT

_____,
 (position, name)
 as the other party, execute this Act to certify that the PROVIDER completed the Scope of Work as outlined by the target social program (social project) in accordance with the terms of Social Contract as of “_____” _____ 200__ # _____.
 Brief description of deliverables:

Amount to be paid to PROVIDER for the implementation of the Scope of Work, comprises

	_____	UAH
	(amount in writing)	
Including stages:	I - _____	UAH
	(amount in writing)	
	II - _____	UAH
	(amount in writing)	
Balance payable:	_____	UAH
	(amount in writing)	

Delivered (PROVIDER):

ACCEPTED (CONTRACTING AGENT):

 (position)

 (signature, name)

 (position)

 (signature, name)

PoS

PoS

Session 8. Role of HIV-service NGOs in advocacy for social contracting.

- **Objectives**

Identify specific steps of NGOs in the process of social contracting introduction in relevant oblast or municipality.

- **Time**

1 hour 15 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Ask participants:** what is advocacy? What examples of advocacy related activities can they quote? How the goal and objectives of an advocacy campaign should be formulated? Remind that the final session will be dedicated to discussion of specific plans relevant to social services contracting, which may be implemented by each organization in their municipality or oblast.
2. **Suggest participants to break into groups** (5 - 6 people in each group) for a practical exercise.

Objective of the small group work:

Discuss and write down to a sheet of paper:

- Objectives of social contracting advocacy in their oblast, using the following pattern: what government official + what decision should be adopted + by what time deadline.
- Specific steps (activities) to achieve the objective stated.

Time for the small group work: 30 minutes.

Time for presentations: 10 minutes for each group.

3. **Summarize the session** by joint review with participants of the key challenges raised during the discussion.

Note for trainer:

Summarize useful ideas developed by the groups and circulate them to the training participants in follow-on to the training.

Session 9. Plans of the Coalition relevant to advocacy for social contracting at local level.

- **Objectives**

1. Outline work plans of the Coalition of HIV-service organizations for the years 2009-2010.
2. Identify types of cooperation between NGOs and the Coalition in promoting social contracting at local level.

- **Time**

30 minutes.

- **Materials**

Flipchart paper; markers; adhesive tape.

- **Steps**

1. **Provide the training participants with information** on activities of the Coalition of HIV-service organizations related to introduction of social contracting;
2. **Based on results of Session 7, invite participants to use a brain storm exercise** and identify types of cooperation between NGOs and the Coalition in promoting social contracting at local level.
3. **Out of the suggested types of cooperation, select 3 and break participants into 3 groups.** Set the following task:
 - each group describes in detail the suggested type of cooperation between NGOs and the Coalition with further presentation to other groups;
 - during the group work, training participants should identify the following: who assures exchange of information between regional NGOs and the Coalition and what means should be used in this process? What consultancy is required for NGO lobbyists for social contracting advocacy? How can the All-Ukrainian status of the Coalition be helpful for introduction of social contracting at local level?
4. **Summarize the session by joint review with participants of the key challenges raised during the discussion.**

Note for trainer:

Summarize useful ideas developed by the groups and circulate them to the training participants in follow-on to the training.

Training wrap-up. Completion of post-training evaluation questionnaires.

- **Objectives**
 1. Identify advantages and disadvantages of the training.
 2. Identify assistance required for implementation of advocacy campaigns for introduction of social contracting.
- **Time**

15 minutes.
- **Materials**

Flipchart paper; markers; adhesive tape.
- **Steps**
 1. **Facilitate a brain storm exercise:** ask participants to identify the successful elements of the training and the things they did not like. Write down results of the brain storm exercise using a sheet of flipchart paper divided in two halves.
 2. **Discuss with participants** what types of assistance they need for purposes of advocacy campaign implementation. Write down their responses to a sheet of flipchart paper.
 3. **Invite participants to complete the post-training evaluation questionnaires (Annex 11).**

Dear training participants!

Please, complete the questionnaire and your feedback will help us improve the work in the future.

- 1. Please, evaluate your knowledge on the given topics as of the training conclusion using the following options:**

TOPICS	Was never interested and have no knowledge on the topic	Have insufficient knowledge and require more	Have some knowledge but it is insufficient and I would like to improve it	Have sufficient knowledge to share it with other people
Definitions and principles of social contracting.				
System of social services in Ukraine. Social services funding.				
Program development and implementation at local level.				
Mechanisms of budget based funding for NGOs at different levels.				
Implementation stages of social contracting.				
Identification of priority challenges for funding allocation using competition mechanisms.				
Documentation and introduction of social contracting.				

- 2. Please, evaluate different aspects of the training using a 5-point scale (1 – fully disagree / 5 – fully agree).**

If you have additional recommendations or comments, please, indicate them in the empty row at the bottom of the table.

. Training Content	1	2	3	4	5
Information was new to me					
Information was useful for my organization					
Information was interesting					
<i>For additional recommendations and comments:</i>					

B. Training Facilitation	1	2	3	4	5
Training venue was convenient					
You are satisfied with accommodations and meals					
<i>For additional recommendations and comments:</i>					

3. To what extent did training meet your expectations?

4. What sessions of the training were the most useful for you and why?

5. What sessions of the training were the least useful for you and why?

6. Are there any topics that you would like to have been included into the training agenda? If yes, then what are they?

7. What events do you plan to facilitate after participation in the training?

- a. Share information with colleagues.
- b. Develop advocacy campaign for introduction of social contracting.
- c. Implement a campaign for lobbying budget funds for target groups.
- d. Other (please, indicate):
